









## THE GULF CEASEFIRE

## Inside Iraqi torture camp — by Kuwaiti lawyer

A prominent resistance figure tells Neil Buckley of cruelty and financial intrigue

MR Hameed Al-Sarraf rolled up the sleeve of his suit and ran his fingers along an old scar on his elbow. "This is where they touched me first with the cattle prod. They could see I had had an operation here, when I broke my arm. They could see it was a weak point, so they went for it."

He touched other parts of his body. "I was naked, of course, so they used it here too — on all the joints."

"It caused terrible pain. Once when they touched me with it I couldn't see for about half an hour. I was very frightened. I knew my eyes were open, but I couldn't see."

Mr Al-Sarraf's voice became quiet and measured as he remembered the electric gun, as he called it.

The events he described took place little more than two months ago when, for nearly a month, he was a prisoner of the Iraqis in Kuwait City.

Mr Al-Sarraf, a graduate in law from Kuwait University who was trained in London and at Harvard by last August a wealthy man. He was a partner in Kuwait's biggest law firm, with offices in Al-Salhiya, near the new burned-out Meridien Hotel. He lived with his wife and eight children in the plush suburb of Bayan.

Mr Al-Sarraf will never forget his experiences after clerks phoned him at 6.45am on August 2 to tell him not to come to work because they could hear shooting on the streets.

He will not forget seeing friends and neighbours imprisoned and executed, often for no reason. He will not forget witnessing a teenage boy in Bayan being shot in the head by an Iraqi soldier outside his house, in front of his family.

Neither will he forget hurrying 500 of his countrymen in one day, all of them executed by the Iraqis for crimes such as displaying a Kuwaiti flag or a photograph of the Emir, or for refusing to change the Kuwaiti number plates on their cars for Iraqi ones.

Mr Al-Sarraf sent his family away from Iraq within days of the invasion, but remained behind to become a prominent member of the resistance. He organised and distributed food and money to Kuwaitis, managed to keep one or two cars running as petrol became scarce, and bribed Iraqi soldiers to buy arms and equipment.

Many Iraqis, he says, were happy to swap their guns for an expensive Kuwaiti suit.

Most importantly, Mr Al-Sarraf was involved in manipulating the

exchange rate between the Iraqi and the Kuwaiti dinar.

After the invasion, the Iraqis confiscated and looted a whole range of food and other items and took them back to Iraq, causing serious shortages in Kuwait by October.

In an effort to attract some of these goods back into Kuwait, the resistance managed to push the black market exchange rate up to 16 Iraqi dinars to one Kuwaiti dinar.

"They said they had been trained since they were very young to do this to the Iraqis, to their own people. What were the Kuwaitis to them? They were brainwashed, they had no emotion"

compared with the official rate of one to one. This was achieved by flooding the market with stocks of Iraqi dinars, which the resistance distributed among the Kuwaitis, and discouraging them for a time from using or exchanging Kuwaiti dinars.

This coupled with high inflation caused by the demand, made it very lucrative for Iraqi traders to sell their goods in Kuwait, and soon all kinds of items were flooding back into the "16th province".

By mid-November, Kuwait was

full of food. Each and every item that had been taken to Iraq had been brought back. Mr Al-Sarraf says with pride. "Really we did a good job."

The operation was so successful, he says, that non-military Iraqis were soon banned from travelling to Kuwait.

Soon afterwards Mr Al-Sarraf received a tip-off from friends that the Iraqi authorities were hunting

for him. He fled towards Saudi Arabia, but was stopped on the border at Nuwairah.

He was told he would be taken to the "guest house" — Iraqis euphemistically referred to their prisoners as guests. This, it turned out, was an experimental farm in southern Kuwait City converted into a prison housing 200 people.

For one month Mr Al-Sarraf was kept with 40 others in a small prefabricated office with corrugated iron walls. There was no furniture, no beds, and only one blanket

between four or five people. They were given lettuce and water, and occasionally rock-hard bread, to eat. At night the temperature would plunge below zero.

A mentally deranged man imprisoned with them would shout and scream constantly. Sometimes he would pick up the slops bucket that festered in a corner and throw its contents around the room.

All the prisoners lived with the constant fear of interrogation, which came every few days. The electric gun was used on Mr Al-Sarraf several times.

On other occasions he was forced on to a bottle inserted into his anus. Worst of all, he remembers a bottle being tied to his testicles, and gradually filled with liquid.

"The more they put in, the more you feel your soul is going out. You feel as if every part of your body has been squeezed and crushed. Imagine what kind of pain it is. And they start laughing."

Sometimes Mr Al-Sarraf was taken to a larger room, where he witnessed what was being done to others.

"I saw an air pump, with a hose which had been inserted into the anus of one of the Kuwaitis. They pump off-on, off-on. I saw some people had been tied up to the roof,

being beaten with a hammer. "And then I saw them put an empty bottle on the ground, and four Iraqis came in with a man, and put him down, with his chest towards the bottle. Two of them tied his hands, and one Iraqi jumped on his back, so his chest will be broken or badly damaged."

"They did this to one Egyptian man. He was screaming for two days and then died."

Others Mr Al-Sarraf was kept with had their fingernails pulled out, while one man's legs and feet had been beaten so badly he could not walk.

Once Mr Al-Sarraf asked his torturers how they could commit such atrocities.

"They said they had been trained since they were very young to do this to the Iraqis, to their own people. What were the Kuwaitis to them? They were brainwashed, they had no emotion."

Release came unexpectedly on New Year's eve. Friends of Mr Al-Sarraf bribed the Iraqis with 100 dinars to have him set free, and allowed to leave the country. Weak and bewildered, he escaped through the border at Khafji and within two weeks was in London.

Mr Al-Sarraf speaks of an overwhelming desire for revenge, for his

torturers to be brought to justice. "I do not know their names, but their faces I will remember for ever."



Hameed Al-Sarraf: You feel as if every part of your body has been squeezed and crushed

## Major may ask Road of death for Iraqis fleeing Kuwait City

Gorbachev to help free PoWs

By Anthony Robinson

MR John Major, the British prime minister, may ask President Mikhail Gorbachev of the Soviet Union to use Moscow's contacts with Iraq to help secure the release of allied prisoners of war if no progress is made today in talks between allied and Iraqi military commanders.

This and other co-operation in the Middle East is expected to top the agenda when Mr Major visits Moscow next week for the first meeting between a western leader and the Soviet president since the European security conference summit in Paris last November.

Moscow built up close contacts with the Iraqi regime during two decades of political and military co-operation, making it privy to information not readily accessible to western governments looking for complementary channels of communication with Baghdad.

Mr Major is also expected to discuss Moscow's broader role in future Middle East peace negotiations, including co-operation in preventing a new arms race in the region now fighting has stopped.

Mr Major, who as chancellor of the exchequer took a keen interest in Soviet economic reform, is also expected to inquire about prospects for a return to the market-oriented structural reform policies which western governments and institutions consider a pre-condition for investment and other assistance. The reforms have been

on a back burner since the government rejected last October the 600 day crash programme of economic reforms put forward by Professor Stanislav Shatalin and other reform economists. He is also expected to urge prompt payment to British companies, some of whom have been waiting for months for export payments.

The prime minister will meet representatives from the Baltic states and opposition groups before his meeting with Mr Gorbachev on Tuesday. But he is not expected to meet Mr Boris Yeltsin, President of the Russian Federation, who recently called for Mr Gorbachev's resignation and is opposing him at the March 17 referendum on a new union treaty. The treaty is also opposed by Baltic and other republics seeking independence, rather than the loose federal system with strong residual powers for Moscow offered by the new treaty.

Britain along with other western governments condemned the recent Soviet crackdown in the Baltic states which led to 14 deaths in Lithuania. Mr Major is expected to underline western demands that Moscow conforms with the letter and spirit of international treaties like the Paris Charter, which includes respect for human rights, and the Conventional Forces in Europe (CFE) arms reduction agreement as the precondition for any future extension of co-operation.



The scorched remains of civilian and military vehicles litter the road to Basra. They were destroyed in allied bombing raids against the retreating Iraqi army

## Iraq tried to switch funds in UK to Jordan central bank

By Richard Donkin

US Treasury investigators have uncovered what they believe was an Iraqi attempt to hide bank-held assets after the imposition of sanctions on Iraq and the freezing of its foreign assets.

Lawyers working for the Treasury's Office of Foreign Asset Control (OFAC) have uncovered foreign bank telexes dated after the August 2 invasion requesting the transfer of millions of dollars into Jordanian bank accounts.

The operation appeared to emanate from the Rafidain Bank, which, with the Central Bank of Iraq, is one of Iraq's three home-based banks.

On August 3 the Arab Bank in London was notified that \$3.2m was to be transferred from a Rafidain Bank account held at the Midland Bank to a Central Bank of Jordan account at the Arab Bank. The Rafidain Bank has \$26m on account with the Midland

Bank. Two days later on August 5 the ALUBAF Arab International Bank in Bahrain received instructions from the Rafidain Bank to convert \$75m of Iraqi deposits into Swiss francs and to transfer them to a Central Bank of Jordan account at the Union Bank of Switzerland in Zurich.

Both attempts at transferring funds were thwarted. Although the first notification on August 3 preceded the European Community decision to freeze assets on the same day by a matter of hours, the Bank of England moved to stop the transaction. The second attempted transfer was stopped by the Bahrain Monetary Agency.

The ALUBAF bank has a close relationship with the Iraqi banks. Mr Tarek Al Tukmach, its former vice chairman, is now the governor of the Central Bank of Iraq. Previously he has run the Rafidain Bank.

The investigators believe the intention of the transactions was to provide a pool of money that could be used to continue trade in breach of the embargo.

The allegations are likely to fuel US suspicions that Jordan could have helped Iraq circumvent the international sanctions. Jordanian Central Bank officials have denied any complicity in attempting to assist Iraq avoid sanctions.

The move has led to Jordanian diplomatic protests in the US but the OFAC investigation is continuing. Officials familiar with the operations of the organisation said that the office also suspected that Mr Saddam Hussein, the Iraqi president may have attempted to salt away personal funds in secret foreign bank accounts, though no accounts have yet been uncovered.

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## Hussein offers to turn over new leaf

By Mark Nicholson in Amman

KING Hussein of Jordan yesterday began an attempt to retrieve its international image as a moderate Arab nation by saying the kingdom would put the "bad memories" of the war behind it and seek to "turn over a new leaf".

The King said Jordan "throws its arms wide open to all those who wish to establish friendly relations" in an appeal both to the west and alienated Arab states to resume warmer relations.

Signalling his desire to play a leading part in regional peace talks, the King urged the world to "address the question of Palestine by the same criteria that it applied over the question of Kuwait".

The tone of the speech seemed designed to console Jordanians, who had championed Mr Saddam Hussein more vociferously than most in the Arab world.

But the King struck a conciliatory note for external consumption, peppering his speech with calls to restore Arab unity and saying that "dynamic nations do not allow bad memories to stall their progress".

The King's speech follows clear signals from Jordan that the country wanted to mend its relations with other Arab states. Jordan's pro-Iraqi neutrality has deeply alienated Egypt, Saudi Arabia and other Gulf states.

The King said Jordanians should take great pride in their "commitment to noble principles" throughout the conflict, and cast the Kingdom as an unlagging but failed peacemaker.

The speech contained no signs of the King's earlier outspoken anger at the coalition's attacks on Iraq, or of his belief that the war was continuing unnecessarily after Iraq had accepted the Soviet peace plan.

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Up to 200,000 Palestinians, mostly holding Syrian, Lebanese or Egyptian passports, remain in Kuwait. Until recently there were no signs that these Palestinians wanted to leave largely because of the fuel shortage and the enormous danger of passing along the main Kuwait-Iraq highway.

This situation could change however now that the allied offensive has ceased and that the main danger being faced by some Palestinians stems from the anti-PLO feeling in Kuwait.

The only other substantial group of possible evacuees is the remaining 1m plus Egyptians in Iraq. However, most are farmers who have lived and worked in Iraq for decades in many cases and may be among the most reluctant to give up their lives there.

houring Iraq as part of a \$38m regional humanitarian plan of action launched on January 11 by several international relief organisations, including several UN agencies, the International Organisation for Migration, and the International Red Cross.

Nevertheless, the United Nations Disaster Relief Organisation is pressing ahead with plans to expand the capacity of Jordan's camps from 60,000 to 100,000 with work on a ninth camp, which could temporarily house 45,000 evacuees.

Mr Alex Wustenhagen, a local official of the United Nations Disaster Relief Organisation, confirms that the UN's plans were originally meant to cater for the possibility that many more may have chosen to seek temporary refuge in Jordan from the war.

In the two critical months last summer, Jordan received, fed, sheltered and finally flew or shipped home 1.3m evacuees, mostly Egyptian, Indian, Pakistani, and Filipino guest workers in Iraq and Kuwait who cut their losses and ran. The exercise cost Jordan \$55m, and only \$21m has been

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## Commission approves Israel aid

By David Gardner in Brussels

THE European Commission yesterday approved an Ecu250m (£176m) package of aid to Israel and the occupied territories, to help alleviate the economic and social effects of the Gulf war.

The aid consists of balance of payments loans to Israel and grants to the Palestinian population in the West Bank and Gaza.

The package got the go-ahead in principle from EC foreign ministers four weeks ago and will come out of a top-up to the EC budget to cover it, other Gulf-related aid, and funds for the Soviet Union and eastern Europe.

Officials initially said that Ecu150m would go to Israel and Ecu100m to the Palestinians, to be disbursed through their agricultural and commercial organisations, and Palestinian banks.

The Commission has been increasingly critical of Israeli policy in the occupied territories, while advocating an international peace conference on the Palestinian issue.

## UN plans emergency airlift for Iraq

Fearing a health catastrophe in Kuwait and Iraq, the United Nations plans to send emergency aid to the area. Mr Javier Perez de Cuellar, the Secretary-General, said yesterday, reports Michael Littlejohn, UN Correspondent in New York.

Considerable prior planning had been undertaken and UN stocks were available in the region to be moved quickly.

A UN mission reports severe shortages of food and medicine and depicts a country in dire straits. There was little water, no fuel, no transport services and raw sewage overflowed into the streets. If nothing is done to remedy water supply and improve sanitation, a catastrophe could affect Iraq, the UN team said.

## Gulf oil slick clean-up proposed

A multi-million pound international fund to pay for expertise and equipment to clean up the huge oil slick in the Gulf has been proposed by the International Maritime Organisation which represents 135 countries, reports John Hunt, Environment Correspondent.

It is hoped that industry as well as governments will make substantial contributions to the fund Mr William O'Neill, the Canadian who is IMO secretary-general, said yesterday.

Officials from some of the member countries, including Britain, met this week at the IMO headquarters in London to discuss the fund.

The IMO said that the spill consists of between 1.5m and 2m barrels of oil moving southward.

## Iberia resumes some Mid-east flights

Swissair and Iberia said yesterday they would resume some flights to the Middle East.

The Swiss airline is restoring routes to Jeddah in Saudi Arabia, Tel Aviv and Amman, but flights to Riyadh, Baghdad and Kuwait remain suspended. Iberia, the Spanish state-owned airline, said it would resume some flights to Tel Aviv and Cairo.

## Palestinians 'start to realise their terrible mistake'

By Hugh Carnegie in Ramallah, occupied West Bank

LESS than a day before the Gulf war began, Mr Khalil Mahshi, a prominent Palestinian headmaster, spoke to two reporters visiting his school in Ramallah about the attitude of Palestinians living under Israeli occupation to the impending conflict.

As principal of the Friends Boys School, owned by the Quaker movement in the US, he readily confessed foreboding over the prospect of war. But he equally readily understood why people in the West Bank and Gaza Strip, almost without exception and with loud acclaim, had backed President Saddam Hussein of Iraq.

A day after the war ended with Iraq's defeat, Mr Mahshi, a thoughtful, respected figure with finely tuned political antennae, reflected that frustration over their own lack of progress towards independence was such that Palestinians could not have done otherwise than support President Saddam however disastrous it may have proved.

"People feel bad. But they don't blame themselves. They could not have backed the United States. They couldn't feel the way they did," he told the same two visitors returning yesterday to his school.

Mr Mahshi acknowledged that the outcome of the war had weakened the cause of the three-year-old Palestinian intifada, or uprising, against

Israeli rule which before the Gulf crisis had already lost much of its early momentum.

He described the sense of disbelief and shock among his older pupils, who had convinced themselves Mr Saddam would triumph, as they heard Iraqi broadcasts accepting withdrawal.

Palestinians are starting to admit that backing Baghdad was a terrible mistake. Many cheered Iraqi Scud missile attacks on their Israeli neighbours. Meanwhile, the Israeli army subjected them to the toughest curfews of the occupation, exacting a severe economic cost to add to the loss of remittances, jobs and aid already caused by the Gulf crisis.

The hardline Israeli Government is more adamant than ever that it will not cede the West Bank and Gaza and the international diplomatic stock of the Palestine Liberation Organisation is sharply diminished.

Mr Mahshi says a sober realism has quickly set in. There is some hope in the call from the US and its allies for a solution of the Palestinian conflict as a key to stability in the Middle East.

However, looking for salvation from outside, as Palestinians did in the case of President Saddam, was no solution. "This hope was shattered. The lesson is clear. We cannot rely on the Arab nation."

Since January 15,000 refugees have left Iraq since the start of the Gulf war, the United Nations High Commission for Refugees said yesterday.

Many more had been expected to flee Iraq after the war started, but some may have been deterred from leaving their homes because of the intensity of the allied bombing.

Apart from the fear of being harmed by bombs, potential refugees have been curtailed by the destruction of roads and bridges, and by fuel shortages.

Arrivals over the last six weeks have fallen well short of the human tide of nearly half a million which massed on the countries bordering Iraq last summer. Many of those were third country nationals who have been evacuated to their home countries from refugee camps, mainly in Jordan and Turkey.

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## INTERNATIONAL NEWS

## Musical chairs propels Spaniard into newly created top EC job

As Inspector General Eduardo Peña Abaizanda's duty will be to oversee the European Commission, reports David Gardner

THE European Commission is shortly to get a new watchdog, but one who's just been bitten by the very practices he will be supposed to muzzle.

The new institution of Inspector General, will be empowered to oversee the Commission's management habits and ensure that political interference in appointments and the need to share out posts between member states do not lead to an inefficient EC executive.

But by a supreme irony, the post will be filled by an official who has himself emerged from precisely the sort of politico-national reshuffling it will be part of his job to monitor. Eduardo Peña Abaizanda, the current director-general of transport from Spain who is set to become Inspector General this month, thus brings to

the job first-hand experience of Commission musical chairs.

The music started, appropriately enough, at Directorate-General (DG) IX, in charge of personnel. The Commission's 23 DGs are its civil service, and control of them is prized by both the member states and the 17 commissioners to whom they work - not to mention those who head them.

The heads, or director-generals, are political appointments. Member states put forward candidates, ideally with experience and expertise, and there is also a pool of aspirants already working in the Commission and wise in its ways.

DG IX falls within the remit of Mr Antonio Cardoso e Cunha, the Portuguese commissioner for energy, and it was he who started the latest log-rolling exercise by seeking to

replace Mr Richard Hay, from the UK, with a top Belgian EC official, Mr Frans De Koster.

Mr Hay, who has taken early retirement, seems - Commission officials say - to have irked Mr Cardoso by falling in with Belgian government concerns for linguistic balance and sitting the new European School in a Flemish-speaking area, inconveniently located near the ugly and noisy Brussels airport, rather than a salubrious Francophone suburb the Eurocracy which uses the school would expect.

Two problems immediately arose. The British, who have four DGs, would be one down, whereas the Belgians would be overrepresented in proportion to their size in the Community. The Belgian member of the Commission, Mr Karel Van

Miert who has charge of transport, was thus approached, officials say privately, and asked to persuade one of his countrymen at DG level to stand down.

Though said to have been willing to help in the interests of maintaining balance, he could not, it transpired, connive in the move of the Belgian official identified as best suited to depart. The reason was that the latter was a Francophone Christian Democrat, whereas Mr Van Miert is a Flemish socialist. Belgians within the Commission have to respect the delicate balances between linguistic community and ideological tribe they maintain outside it.

But Mr Van Miert offered an alternative, a senior Commission official with long experience of the bureau-

cracy says. He suggested moving his own director general, Mr Peña, above all in the knowledge that transport is traditionally something of a UK preserve to which it is now likely to return.

Further reshuffling, moreover, is expected to reinforce the UK's position in the Berlaymont's 13,000-strong bureaucracy with an extra deputy director-generalship. What to do then about the Spaniards, who see themselves in the first division of the Community and thus entitled to a full helping of plum jobs?

In exchange for the potentially powerful transport DG, they get the new Inspector General's job, and they have been promised DG V, Social Affairs, when its present incumbent retires in 1992. This, conveniently, is occupied by a Belgian -

so their numbers come back into better balance. The Spaniards are rubbing their hands. The way the logs have rolled, they get an extra top job.

Given this sort of shenanigans, what is most surprising is that the Commission works as well as it does, particularly given that the ambitions of the European union project have brought an increased workload it is understaffed to cope with. One senior political appointee argues that "we appoint the wrong people, to the wrong positions, for the wrong reasons."

The European Court of Auditors, the watchdog whose report on Commission management last year has led to the creation of the Inspector General post, picks out structural and political weaknesses in great detail. But the balance of its opinion

was broadly favourable, given - as it coyly puts it - "the variety and political nature of the Commission's objectives and the international, multicultural context of its working conditions."

The official mentioned above, and others at various levels, point out that the Commission presidency of Mr Jacques Delors of France, now in its seventh year, has seen a fair amount of political turbulence at management level. Mr Delors' political staff, headed by Mr. Pasquale Lamy, has identified key positions through out the Euro-civil service and gone for them, giving it, as the political appointee put it, "control of the Commission machine." But at the same time, he says, the Delors people have usually sought out quality candidates for the posts they want.

## Japanese raider held on extortion charges

By Stefan Wagstyl in Tokyo

A JAPANESE corporate raider, at the centre of a widening stock market scandal, was yesterday arrested on allegations of extorting ¥300m (US\$2.5m) from a company by threatening to sell a block of its shares to gangsters.

Mr Mitsuhiro Kotani was accused of extorting the money in mid-1989 from Janome Sewing Machine, a sewing machine manufacturer, in which he is the largest shareholder.

He needed the funds to pay for the acquisition of Kokusai Kogyo, an aerial survey company, which he acquired in a bitterly-contested takeover in 1987.

According to officials of the Tokyo District Public Prosecutor's Office, Janome officials agreed to pay to stop Mr Kotani carrying out his threat and selling off an 11 per cent stake. Last year, when Mr Kotani's financial difficulties worsened, Janome gave him a ¥150m loan.

Mr Satoru Morita, the Janome chairman, and Mr Hiroshi Saito, the president, resigned in January over the affair. Yesterday, Mr Masami Okumura, the new president, said it was regrettable that Janome had not stood firm and fought off Mr Kotani to the end.

Japanese companies fear contacts with criminal organisations because they believe

the law often does not give them sufficient protection. Police concede gangsters are able to squeeze money out of companies - by threatening to disrupt company meetings, for example, or by forcing executives to do business on unfair terms with enterprises controlled by gangsters.

Mr Kotani and Koshin, his near-bankrupt investment syndicate, are the subject of a wide-ranging investigation by the public prosecutor's office which is examining claims of insider trading, securities fraud and tax evasion. Yesterday was the second time Mr Kotani had been arrested. Last year he was taken into custody on charges of stock manipulation which he later admitted.

The scandal, the most significant since the Recruit affair, has touched not only Mr Kotani and his immediate circle but also bankers and politicians.

Janome first came into Mr Kotani's sights in 1985, when he started buying shares with the apparent aim of greenmailing the company - forcing it to buy his stock at an inflated price. By 1987, he was Janome's largest shareholder and secured a seat on the board from a company which was not sure whether to try to fight him or accommodate him. As so often in Japan, the Janome

executives preferred a quiet compromise, if they could get it, to a noisy row. They also did not want to embarrass their main bank, Saitama Bank.

In 1987, Mr Kotani turned his attention to Kokusai Kogyo, where he again tried greenmail. But Kokusai Kogyo refused to budge. Mr Kotani changed his plan and launched a hostile bid for the group which succeeded only after he exploited a row between the father and son who ran the company.

But the cost of taking control of Kokusai Kogyo strained Mr Kotani's finances, so, according to the public prosecutor's office, he turned to Janome for funds. But even Janome could not provide all that he needed and last year, as he later admitted, he manipulated the shares of Fujita Tourist Enterprises, a tourism group, to raise more funds. The transactions were so blatant that Mr Kotani was arrested soon afterwards and a probe started into the rest of his activities.

Janome officials hold out little hope of recovering from Koshin much of the ¥200bn-plus which the company paid or lent out. Koshin's assets, mainly blocks of shares, have collapsed in value after last year's 40 per cent plunge in the Japanese stock market.



Frederick Chiluba yesterday after being elected head of Zambia's Movement for Multi-party Democracy

## Zambia TUC chief Kenya police arrest to lead opposition government critic

By Mike Hall in Lusaka

MR Frederick Chiluba, leader of Zambia's powerful trade union congress, was elected president of the Movement for Multi-party Democracy (MMD) yesterday, becoming the first leader of a legal opposition party for nearly two decades.

Mr Chiluba, 46, the son of a copper miner, polled nearly two-thirds of the vote defeating three other candidates by a wide margin. In a brief acceptance speech, he said he would continue to promote the cause of democracy.

He also promised to lift state controls over the economy. "It is our intention not only to liberalise the economy but to privatise as much as possible," he encouraged "initiative and enterprise".

His first task would be to try and "break down undemocratic government structures," especially the alling state-run Zambia Consolidated Copper Mines, the country's main foreign exchange earner. Standing just over five feet

tall, Mr Chiluba is a fiery and articulate orator. In the past 17 years of one-party rule, he has been among the most consistent critics of Mr Kaunda's socialist-style government.

He said his party would embrace IMF-backed structural adjustment, adding that many of Zambia's social and economic problems had been frustrated by President Kaunda's delays in implementing such programmes.

Mr Chiluba has a difficult task in holding together what he describes as a "rainbow coalition." He will also have to oversee the development of economic policies attractive to both aid donors and a restless electorate.

In addition, he will face a deeply entrenched ruling party, UNIP, that seems bent on frustrating the opposition.

Presidential and parliamentary elections are due before October this year and, according to most analysts, are most likely in July.

By Julian Ozanne in Nairobi

KENYAN security police arrested an award-winning human rights lawyer and prominent government critic yesterday as part of a crackdown on political dissent.

Mr Gitobu Imanyara, who edits and publishes the controversial Nairobi Law Monthly, was picked up by special branch officers at his office.

His arrest followed police seizure of the latest edition of his magazine which carried an editorial indirectly accusing President Daniel Arap Moi of packing government-owned corporations with members of his own Kalenjin tribe, which comprise about 11 per cent of the population.

In the editorial, Mr Imanyara said he was raising the issue knowing it would result in accusations of sedition and calls for the magazine's banning.

"Those, however, are the risks every patriotic Kenyan must be prepared to take as our nation struggles to build a

nation ruled by law, a nation where the constitutionally guaranteed right not to be discriminated against on account of... ethnic considerations will have meaning," he said.

The magazine also reprinted an illegal manifesto of the National Democratic Party, whose launch last month was muzzled by the government in the daily press.

Mr Imanyara's detention follows the arrest and charging with sedition last week of Mr Luke Obok, a colleague of Mr Jaramogi Oginga Odinga who is spearheading the new political party.

Mr Imanyara recently won the Golden Pen of Freedom Award, given by the International Federation of Newspaper Publishers, which cited him as "an outstanding representative of those rare people whose dedication to freedom overcomes the fear of arrest, imprisonment or torture which keeps so many silent in the face of political tyranny."

## Bush seeks longer Gatt talks mandate

By Nancy Dunne in Washington

THE BUSH Administration yesterday sent Congress a formal request for a two-year extension of the vital "fast track" authority to continue talks in the Uruguay Round and begin negotiations for a North American trade agreement.

The request will meet opposition in both houses, either of which can revoke the authority by a majority vote taken by June 1. In granting the fast-track, Congress agrees not to amend specified trade agreements.

The Administration's hand was strengthened by the endorsement yesterday of its private sector advisory group which concurred that "significant progress" had been made in the Round to justify the extension.

US trade officials this week indicated that no artificial deadline would be set to complete the talks before the two years are up. Mr Julius Katz, the deputy US Trade Representative, said, "It is more important that whether it takes three months or six months or nine months or whatever it takes us."

This strategy is raising concern in Congress which has seen much of its tough 1988 trade legislation, which was to preserve "hardcore" in the Round. The Trade Representative last month decided once again not to act this year against EC and Korea for closed markets on telecommunications and to extend talks for another year.

## Yugoslavs meet to discuss future

YUGOSLAVIA'S political leaders yesterday held the sixth summit on the country's future, against a background of threats by the Serbian minority in Croatia to secede from the republic, writes Laura Silber in Belgrade.

But leaders of the six republics, and Mr Ante Markovic, the federal prime minister, are unlikely to dilute the differences between the communist governments of Serbia and Montenegro and the other four republics about the political structures of the country.

Serbia insists Yugoslavia remain a federation of six republics. The western republics want the federation transformed into a loose organisation of independent states.

Croatia's steps towards independence were yesterday challenged by Mr Milan Babic, the leader of the self-proclaimed autonomous region of Krajina in the republic.

"The predominantly Serbian region would remain in federal Yugoslavia regardless if Croatia secedes," he said. Mr Babic says the declaration of independence from Croatia represents the 250,000 Serbs in Krajina.

Serbs declared autonomy within Croatia last October.

## Zia kept out of power in Dhaka

BANGLADESH is to remain under a caretaker government for a further two or three months because of difficulties that emerged yesterday over the transfer of power to an elected administration, writes David Housheer and Rezaul Karim in Dhaka.

Mrs Khaleeda Zia, the leader of the centrist Bangladesh National Party (BNP) emerged the clear victor of the election with 140 seats out of the 294 declared results. But she fell short of the number needed for an absolute majority.

Mr Shahabuddin Ahmed, the acting president, said an immediate transfer of power was not possible because of Bangladesh's presidential system. Executive power lies with the president who names the prime minister from the majority party in the parliament.

Since the overthrow of former President H.M. Ershad in December, Bangladesh has had no elected president.

The acting president said last night parliament will not meet until mid April. In the meantime he will hold talks with the leaders of the political parties over the formation of a new administration.

The situation has been further confused by the dispute among political parties over whether Bangladesh should retain the presidential system or return to a parliamentary form of government. Mrs Zia favours the presidential system.

## Surge in Tokyo exports

By Ian Rodger and Stefan Wagstyl

A SURGE in exports cut Japan's current account deficit in January to \$39m, compared with \$669m for the same month last year, according to figures announced yesterday.

Japan usually posts large monthly current account surpluses, but deficits often occur in January because the New Year holidays tend to reduce exports for the month.

Exports this January grew by 15.2 per cent to \$21.5bn, up from \$18.5bn in December, leaving a merchandise trade surplus of \$3bn, nearly three times as large as in January 1989.

The deficit on invisible items widened from \$1.39bn last year

to an estimated \$2.8bn.

● New car sales in January fell 4.5 per cent compared with the same month last year, providing fresh evidence of a slowdown in the Japanese economy. It was the fourth monthly decline in succession.

● Consumer prices in the Tokyo metropolitan area, a closely watched guide to national inflation trends, dropped 0.3 per cent in February from the previous month.

● Japan's unemployment rate eased 0.1 per cent to 2 per cent in January from December on a seasonally adjusted basis. The number of employed rose 1.39m or 2.3 per cent from a year earlier to 61.75m.

## Thai junta adopts constitution

By Peter Ungphakorn in Bangkok

THAILAND'S military leaders put their week-old junta on a sounder legal basis yesterday by adopting an interim constitution that paves the way for a caretaker government and calls for elections this year.

But General Sunthorn Kongsompong, the official coup leader, said martial law would not be lifted yet because "foreigners" had been hired to destabilise the country by attacking the junta. He declined to give their nationality or any other details.

The interim constitution, which was signed by King Bhumibol Adulyadej, provides for the appointment of a cabinet, national assembly and constitution-drafting committee. It grants the six-man junta, which has become the

National Peace-keeping Council, and was appointed prime minister, joint power to take summary action.

The generals are still searching for a prime minister who would be acceptable to them and command sufficient respect to revive confidence in Thailand's government and economy. Having earlier promised to appoint a cabinet this week, Gen Sunthorn said yesterday the appointment would be made "soon".

In an apparent move to increase its popularity, the junta has announced cuts in income tax and retail oil prices. Late last night, it instructed the commerce ministry to consider ordering cuts in prices of consumer goods - a measure many economists

advising the junta have argued would be unworkable.

Japan and the US have urged aid to Thailand since the coup, while the EC and New Zealand have issued critical statements. The Burmese government has recognised the junta. China has expressed good will.

● Dr Richard Hu, Singapore's minister of finance, yesterday unveiled next year's budget, which fell short of reducing corporate tax rates but will continue to run up a budget surplus.

Revenue is expected to total \$317.2bn (\$5.2bn), exceeding expenditure of \$315.8bn.

But a 31 per cent corporate tax rate was not reduced. Dr Hu said it was among the world's lowest.

## Poll test for Hong Kong liberals

By John Elliott in Hong Kong

HONG KONG'S liberal lobbyists, who are pushing for increased democracy in the colony, face the first test of their electoral popularity tomorrow in polls for 19 district boards.

Their main opponents will be trade unions and business groupings, which want close relations with China.

The boards only perform a consultative role and one-third of their 414 members are appointed by the government.

But the elections tomorrow, involving 472 candidates standing for 274 seats, are significant because they follow the formation last year of the colony's first political parties and they lead on in September to the first direct elections for the legislative council.

Tomorrow's clash between Hong Kong's pro-China groups and pro-democracy liberals will be closely watched by Mr Lu Ping, Peking's senior official responsible for the colony, who arrives here in the afternoon for a six-day official visit.

Peking is believed to have put considerable resources behind its supporters and has made it clear that it would like the main liberal party, the United Democrats, abolished. It will also not be disappointed by an expected low voter turnout.

Mr Y.C. Tam, vice chairman of the pro-Peking Federation of Trade Unions, said: "Because we are Chinese, more of our people must understand more about China so we learn how we can co-operate."

Mr Lu Ping used to be

regarded by Hong Kong as one of its main supporters in Peking, but he has emerged recently as one of China's most outspoken critics of the colony's plans for an HK\$100bn international airport. He was recently appointed director of the Hong Kong and Macao Affairs Office and is believed to feel bound publicly to reflect the views of China's hard line leader.

The government hopes that year-long differences over the airport will be sorted out during his visit. A fluent English speaker, Mr Lu will be making a rare public speech next Friday which will be closely watched to gauge Peking's current attitude towards Hong Kong.

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## Latvians and Estonians square up to freedom poll

By Leyla Boulton in Riga

THE Baltic republics of Latvia and Estonia go to polling stations tomorrow to vote on whether they want full independence from the Soviet Union.

The so-called "surveys" are pre-independence parliaments answer to President Mikhail Gorbachev's plan for a country-wide referendum on March 17. The Baltic republics say the referendum, which will ask voters whether they want to belong to a "renewed union," does not apply to them because of their annexation by Stalin in 1940.

"This poll is the only argument which we can use to reason with Gorbachev," claims

Mr Ilmars Bisers, the Latvian deputy prime minister who is responsible for talks with Moscow.

Lithuania, with an 80 per cent majority of ethnic Lithuanians, blazed the trail for its neighbours last month when a similar poll produced a resounding majority in favour of independence.

Estonia, with a clear Estonian majority of 62 per cent and many independence sympathisers among its non-Estonian minority, can also count on substantial support for independence. But the exercise is something of a gamble for Latvia, where the ethnic population has shrunk to 52 per cent

because of a massive influx of workers from other republics after the war.

The poll will be a crucial test of support for independence among non-Latvians. Many Russians and Ukrainians voted for Popular Front candidates in last year's elections, helping explain a pro-independence majority of two-thirds in the Latvian parliament. They were motivated mainly by opposition to the communist party and the poverty of the socialist way of life. But some are now having second thoughts.

Soviet military violence and a failed putsch sponsored by the Latvian communist party last month helped foster mis-

trust between Russian-speakers and Latvians.

The Latvian parliament's failure meanwhile to come up with guarantees of citizenship to non-Latvians, together with a worsening economic crisis across the Soviet Union, has embittered many.

The Latvian communist party, which sponsored the ill-fated coup, has capitalised on these fears with a bitter propaganda campaign in the run-up to the poll. Anonymous leaflets dropped into mailboxes warn Russian speakers that a yes vote will pave the way for an "anti-democratic, totalitarian regime" in which non-Latvians "will become

"second-class citizens."

These allegations are denied by Latvia's leaders, who say they plan a just society for all.

Mr Ivars Godmanis, the Latvian prime minister, spent two hours at an electrical engineering plant on Thursday explaining government policy to Russian workers. The mixed reaction he received was a telling indication of doubts and division among non-Latvians.

Mr Vadim Mosolov, also a Latvian-born Russian, said he favoured independence and a market economy "100 per cent." "I'm sure life will be better. Property gives people a sense of self-reliance and well-being," he said.

## Soviet miners mixed on strike

By John Llynd in Moscow

SOVIET miners yesterday gave a mixed response to a call for a strike in most of the major coal producing areas of the Soviet Union.

Strike organisers report that indefinite strikes have started in Vorkuta, in the Polar north, and in the Krasnoarmeysk area on the Volga river. However, in the major mining area of the Donbass, in the Ukraine, only a minority of pits took full strike action over a 24 hour period.

Mr Mikhail Krylov, the Donbass area strike committee chairman, said that miners in all the pits had refused to deliver coal to the central depots.

"This was just a token action. After today we will

meet to decide how much time to give the Government before considering a full strike."

However, another miner-leader, Mr Konstantin Fesenko, told the Postscript news agency that the strike was "senseless and harmful," and said it had been whipped up by the Soviet government to "corner" the Ukrainian authorities, who could not afford the pay rises demanded.

In the Karaganda area in Kazakhstan, all but six of the region's 26 pits stopped work for 24 hours. Mr Valery Vnukovsky, a member of the strike co-ordination committee, told the official news agency TASS that negotiations had started with representatives of the

Kazakh government and of the Soviet Coal Industry Ministry.

In all areas, workers' councils are meeting to decide further actions in support of demands for wage increases of between 100 and 150 per cent.

Attention will shift on Monday to the militant Kuzbass area in Siberia, where miners have called a 24-hour strike. Besides wage rises, the Kuzbass miners have demanded the resignation of Mr Mikhail Gorbachev, the Soviet President, the depoliticisation of the Army, KGB and interior Ministry, the lifting of censorship on the mass media, and a law on the indexing of wages and prices.

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## UK NEWS

## Anglo-French link in frigate project

By David White, Defence Correspondent

THE BRITISH and French navies yesterday took an important step towards collaboration on a new frigate which - if it reaches production - would be the first joint venture of its kind.

The air-defence warship the two countries envisage for the beginning of the next century fills the gap left by the collapse in late 1989 of an eight-nation project for a collaborative NATO frigate.

The UK was the first participant to

pull out of the ambitious £12bn multinational NFR90 frigate plan. It argued that the ship had to meet too many different requirements and that the timetable was unrealistic.

Last year, the UK began discussions with the French on a bilateral project meeting similar military requirements and employing a new generation of missiles that the two countries are developing jointly with Italy.

The two chiefs of naval staff, Admiral

Sir Julian Oswald and Admiral Alain Coataene, yesterday signed a "joint statement of need" describing the broad characteristics of the ship they needed.

That is expected to lead to a detailed joint requirement being drawn up by the end of next year.

The navy chiefs said the Anglo-French frigate would be a "new and different" project from the failed NATO programme and hoped it would work out cheaper for the two navies

than the NATO frigate would have done.

The Royal Navy needs a ship to succeed its 12 Type 42 air-defence destroyers, but Admiral Oswald would not say how many ships it hoped to obtain.

France was meanwhile planning for a first tranche of four vessels, Admiral Coataene said. France's present air-defence ships, needed to support its aircraft carriers, were already out of date and their service lives were being prolonged further.

## Lloyds Bank increases interest on new loans to staff

By Michael Smith, Labour Correspondent

LLOYDS BANK yesterday announced significant rises in interest rates for new loans to staff in a move which unions fear may be emulated throughout the financial services industry.

Interest rates on the first £50,000 of mortgages will rise from 5 per cent to 6 per cent and rates on borrowings above that will be 3 per cent less than the bank's mortgage rate, against the current 5 per cent.

Existing loans will not be affected. However, a Lloyds Bank employee taking out a £50,000 mortgage will pay £1,350 a year more than under

BIFU, the financial services union, is to consider balloting 25,000 members at TSB over the banking group's decision to dismiss three employees. The union says that the enforced redundancies breach a job security deal with the company and could set a precedent. TSB said that every effort had been made to place the three. It denied enforced redundancies would breach the spirit of the job security deal.

previous arrangements, taking beneficial loans tax into account.

Lloyds' action is the latest in a series of cost-cutting measures by the clearing banks. All have announced plans for significant job cuts, and Barclays last week led the way for what is likely to be a tough pay bargaining stance by pushing through a deal worth

slightly more than 7 per cent. Unions believe that the Lloyds changes may be the first in a series by financial services companies. Personnel decisions by one of the big four clearing banks often set a trend for the others.

Midland and National Westminster banks have mortgage rates similar to those which applied at Lloyds before yesterday.

Barclays already charges staff 5 per cent less than the rate for customers.

Bif, the financial services union, said yesterday that Lloyds' decision had prompted calls by staff for a ballot on industrial action.

Lloyds Group Union said that members were angered by the lack of consultation: the company's decision would

affect negotiations for a pay deal starting in April.

After yesterday's changes, annualised mortgage rates on new personal loans will rise from 6.9 per cent to 15.3 per cent.

Lloyds told staff the interest rates were being raised because of increases in the costs of funds after the payment of interest on current accounts to customers and higher levels of interest paid on deposits.

The bank has 50,000 UK staff. About 31,000 have home loans with the company and 35,000 personal loans.

## MPs back bill to curb estate agents

By Emma Tucker

ESTATE AGENTS who misled house buyers with false descriptions and inaccurate statements could be fined under a bill approved in principle in the Commons yesterday without a vote.

Introducing the bill, Mr Anthony Coombs, Conservative MP for Wyre Forest, said it was designed to protect consumers and raise standards among estate agents.

He told MPs of one case in which a block of flats was blanded out of the picture of a property, giving the impression the house was in the countryside. Other examples included exaggerating room dimensions and describing leasehold properties as being freehold.

The bill, supported by the Consumers' Association, the National Association of Estate Agents and the Royal Institute of Chartered Surveyors, would bring the sale of property into conformity with the sales of goods under the Trade Descriptions Act. Estate agents would face a maximum £2,000 fine on summary conviction, or an unlimited fine on conviction in a higher court.

Mr Coombs said he did not think the bill was anti-estate agents. "I believe it will assist the estate agency profession to have a better profile," he said.

Under the bill it would be clearly misleading for an estate agent to say a property was adjacent to a quiet road and omit to say that a dual carriageway ran along the other side of it, said Mr Coombs.

Mr Austin Mitchell, Labour MP for Great Grimsby, said the "peculiar lyricism" of estate agents led them to describe a four-lane motorway as a "quiet road" and a covered back passage as a "conservatory".

He added that the bill would fill the gap in legislation providing better protection for house buyers, but it ought to be extended to solicitors who acted as estate agents.

Mr Edward Leigh, Conservative MP for Leamington, said the bill would extend the department of trade and industry, raised the possibility of extending the bill's provisions to cover commercial property, builders and solicitors.

The bill gained its second reading without a vote, and will go to committee stage.

## NEWS IN BRIEF

## Election of union chief to go ahead

THE EXECUTIVE of the MSF general technical union decided yesterday against delaying an election for a general secretary-designate, Michael Smith, until May.

The 19-16 vote was held after the discovery of a clause in the 1984 Trades Union Act that might present legal obstacles to plans for general secretaries working alongside their successors for more than six months. The result of the election will be announced in May. Mr Ken Gill, general secretary, does not intend to step down until August next year.

## Bank mortgage cut

THE National Westminster Bank is to cut its mortgage rate to 13.75 per cent from 14.5 per cent after Wednesday's reduction in bank base rates, the bank said last night. The new rate applies from Monday for new borrowers and from April 1 for existing customers.

## Barlow tax ruling

INVESTORS in the funds managed by Barlow Clowes International (BCI) will not face tax liability on the income and capital gains realised by the investment group before it collapsed in 1988, the Inland Revenue ruled yesterday.

The revenue, in its review of the tax position of BCI, decided that only a very small proportion of the investors, estimated to be about 11,000, would be liable to tax after taking account of exemptions from capital gains tax and accrued income scheme charges.

## Investor damages

ABOUT £129,000 is to be paid to investors in Vanderveen Associates, a Belgian futures dealer banned by the high court last year from "cold calling" on the telephone prospective investors in the UK.

The funds will be divided among 68 investors within the next 10 days in proportion to the amount of outstanding investments with the concern.

## Peruvian food curbs

THE GOVERNMENT is to restrict food imports from Peru because of a serious outbreak of cholera in the South American country which has resulted in 20,000 illnesses and 100 deaths.

The department of health said the measure is precautionary and the risk of cholera is small. It said some contaminated foods had already been discovered in the UK by the ports authorities, although it knew of no outbreaks of the disease in the UK.

## Mental health bill

A BILL designed to stop miscarriages of justice by mentally vulnerable people and end unnecessary detention in psychiatric hospitals was given a second reading in parliament.

Under present legislation people who are unfit to plead must be detained indefinitely in hospital with no opportunity to determine whether they committed an illegal act or not. A private members bill sponsored by Mr John Greenway, Conservative MP for Ryedale, would require courts to carry out a trial of the facts of a case and to consider a range of orders if the defendant did commit the offence.

## Bank privacy urged

BANKS SHOULD not be allowed to pass confidential customer information to their non-banking divisions in order to sell other products, Britain's insurance and investment brokers say.

In a response to the banks' draft code of practice, the British Insurance and Investment Brokers' Association (BIBA) says they should preserve strict confidentiality in dealing with customers' affairs. BIBA also says borrowers should not be pressured to buy additional services when taking out a bank or building society loan.

Neil Buckley and Andrew Jack discover fear and dismay at the effects of Wandsworth's record low poll tax setting

## Council's voters get the services they paid for

SHOCKED community workers in Wandsworth are deeply concerned about how yesterday's poll tax cut might affect services in the borough.

Mr Richard Cowen, co-ordinator of Garfield Community Centre in Battersea, said his reaction was one of horror.

"I feel sorry for the electorate who voted for this council. I think they have been duped. Now they are literally going to get what they paid for."

Mr Cowen said the last year had been "probably the worst time in the centre's history". The centre's budget had been cut by more than 20 per cent and now barely pays the wages of the one full-time and four part-time members of staff.

"We have to fund-raise for everything else," Mr Cowen says. "Precisely because we are successful, the council wants us to be more independent, but it's not easy to find time for fund-raising on top of everything else we do." The grants organisations he was told to approach were concerned mainly with helping new groups, rather than well established ones.

His message was echoed by Mr Boh Nightingale, secretary of Wandsworth Fightback, a coalition of voluntary agencies which is also facing cuts. "It's immoral. It makes me personally very bitter. The borough has abandoned its poor people altogether. It's the Americanisation of Wandsworth."

He continued: "We're not asking for a high level of poll tax but one that funds the services people need. This level is pure political gimmickry and has nothing to do with the needs of the borough."

Mr Nightingale used to work in one of Wandsworth's three law centres. All have now been closed after the council stopped funding them, arguing that the citizens' advice bureaux could absorb their work.

The local CAB is less convinced, however. "We don't have the skills of the law centres, nor the facilities to do the counselling," says a member of staff. "We can't take on all that work."

They have also faced their own cuts. Mr Hugh Lyons, chairman of Wandsworth's citizens' advice bureaux management committee, said the com-



Shona Methven and Bob Nightingale of Wandsworth Fightback: "Pure political gimmickry and nothing to do with the needs of the borough"

mittee had been given £114,000 less than the £500,000 it had asked for. "We will have serious problems providing the level of services which are needed," Mr Lyons said.

"I understand that the council has a mandate from the last local election to set a low poll tax, however I also understand that there is a very considerable amount of suffering, especially among the less privileged."

"Those are the people who inevitably suffer." The brunt of Wandsworth's cuts this year will fall within the education and social services departments. Two of the borough's three careers centres are shortly to close. Staff argue that the move will make it difficult for the unemployed from the remoter parts of the borough to get advice.

Ms Susan Adcock, the Nalco local government union negotiator for social services, is sombre and angry. "We've been stripped beyond the bones already," she said. "We will be left with a statutory service with someone to respond to calls, but there's a real fear we won't be able to do preventative work."

"I don't think there's a sound reason for the cuts," she added. "It's just macabre politics."

Ms Julia Alterman, deputy headmistress of Southfields school and secretary of the Wandsworth Teachers' Association, said she was saddened by the cuts but had expected them. "The greatest effect on the schools is the level of change. The cuts have destabilised education and affected every school."

However, Mr Maurice Heaster, chairman of the borough finance committee, which set the poll tax figure of £136, denied that services were being cut. Savings had been achieved not through cuts, he said, but through reorganisation and rationalisation, and because the borough could manage its education service for far less than it used to pay the Inner London Education Service to run it.

"I wish some of the higher-spending councils could offer services as good as ours," Mr Heaster said.

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## Two guilty in multiple share case

By David Waller

TWO professional company formation agents have been found guilty of making multiple applications for shares in six privatisation issues.

Mr Gerald Lewin and Mr Michael Holder were convicted at Southwark Crown Court of six counts of obtaining property by deception. Mr Lewin, who took 75 per cent of the profits, was sentenced to four months in jail and was fined

£50,000 plus £5,000 costs. Mr Holder was given a three-month sentence suspended for two years. The judge said that Mr Holder's sentence was low because of exceptional personal circumstances.

The two men made 1,500 applications for shares in new issues from British TSB, British Gas, BA, Rolls-Royce and BAA. They used 498 off-the-shelf companies to make their

applications and made a gross profit of £36,499. The court was told that the gross potential profit was £317,058.

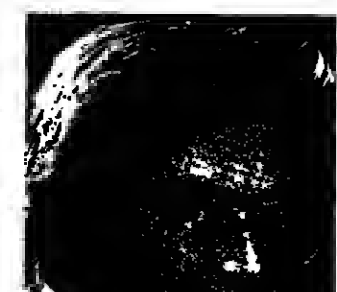
They were found out during an audit of applications for Rolls-Royce shares by Touche Ross. The accountancy firm, which is carrying out an audit of applications for electricity privatisation shares, spotted that all the companies were registered at the same address.

## THE BLUE ARROW TRIAL

## P&amp;D director cannot recall buying shares after issue

MR Christopher Stainforth, a former Phillips & Drew director, cannot remember buying Blue Arrow shares worth almost £17m the day after the unsuccessful rights issue closed, the Blue Arrow trial heard yesterday.

Mr Stainforth, one of the defendants, now has "no recollection at all" of the transaction, his counsel, Mr Robert Harman QC, told the court.



Christopher Stainforth: "No recollection at all"

Court report by John Mason

However, Mr Kenneth Robertson, underwriting manager for P&D, said Mr Stainforth had asked him to send the application for 10m shares and a cheque for £16.5m to County NatWest.

The request was made before 9am on September 28, the day after the rights issue closed, he told Mr Nicholas Purnell, QC, prosecuting.

"He was very anxious to get the allotment letter to County as soon as possible," Mr Robertson explained.

The prosecution has alleged that P&D bought the 10m shares as part of a conspiracy to rig the market after the failure of the record-breaking £557m rights issue to fund Blue

Arrow's takeover of Manpower, the US employment group.

County NatWest, NatWest Investment Bank, UBS Phillips & Drew and seven individuals all deny conspiring to mislead the market about the outcome of the issue.

Earlier, the court was told that evidence given by a registrar from Lloyds bank, receivers for the issue, was an attempt to protect the reputations of both himself and Lloyds.

Mr Roger Casterton, the registrar in charge of the issue, said he agreed to accept an application from County for

## Gloom outweighs hope in small companies

By Charles Batchelor

THE NUMBER of small businesses experiencing declining sales and employment exceeded those reporting increases in the last three months of 1990, according to the latest NatWest Quarterly Survey of Small Business in Britain.

Three per cent more businesses reported declining sales against rising sales while 6 per cent more businesses recorded a fall in employment levels, the survey showed. This is the first time that declines have exceeded increases since the surveys began in 1985, the bank said.

Expectations for the current quarter are even gloomier, with 17 per cent more businesses expecting a decline in sales and 16 per cent foreseeing a drop in employment levels.

Small businesses in the Midlands are particularly gloomy about future prospects, while businesses in the south-east appear twice as likely as companies in most other regions to shed staff.

However, Scotland and Wales seem more confident about weathering the recession and companies in those two regions expecting rises in sales and employment exceed those anticipating declines.

Among the 1,240 companies that responded to the survey, transport businesses and retailers appeared to be facing the severest downturn, while builders, caterers and restaurateurs were also very gloomy.

The issue of high interest rates increased its lead at the top of the table of worries for small businesses, being mentioned by 27 per cent of companies polled.

However, the survey was carried out before the latest interest-rate cuts.

A special question about the awareness and involvement of small businesses in the new Training and Enterprise Councils showed that 65 per cent were not aware of TECs while fewer than 10 per cent were actively involved in their creation.

## NatWest Mortgage Rate

With effect from 4th March 1991 for new borrowers, and from 1st April for existing borrowers, the NatWest Mortgage Rate payable under current Mortgage Deeds and Conditions of Offer will be reduced from 14.5% to 13.75%. This change will be reflected in existing borrowers' repayments from 1st April 1991.

National Westminster Home Loans Limited  
41 Lothbury, London EC2P 2BP.



## Motorbike messengers hit a bumpy patch

A high-contrast, black and white photograph of a person riding a motorcycle, viewed from the side. The rider is wearing a helmet and a dark jacket. The background is heavily textured and grainy, suggesting a rough or rocky terrain.

The recession is forcing couriers off the road,  
**Alice Rawsthorn**  
writes

kids cannot be worse than struggling along on £250 week in the freezing cold."

**January, against a monthly average rise of £5bn in the previous six months.**

Figure 1 illustrates the experimental setup. A subject is seated at a table, viewing a video screen. A camera is positioned above the screen. A horizontal bar is placed on the table, with a vertical rod passing through its center. The rod is connected to a motor unit, which is further connected to a power source. The motor unit is labeled 'MOTOR UNIT' and the power source is labeled 'POWER SOURCE'. The video screen displays the visual feedback of the hand position.

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\*K is the amount above the RPI that charges can increase per annum

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By Peter Garland

The working British expatriate is not an exotic or extraordinary species. Rather he is an ordinary person doing an ordinary job in an out-of-the-ordinary place. A different lifestyle can bring different problems. In the main, these are not ordinary problems, though the solutions are likely to be special, taking into account the specific needs of the new, completely revised WORKING ABROAD from the Financial Times will help solve the problems of expatriate life, focusing on possible financial pitfalls: • What should I do with my money in the UK? • Am I still liable to income tax, capital gains tax and inheritance tax when I work abroad? • What should I do with my UK savings, investments and insurance policies? • Is there a bank that will understand my needs? • How can I get independent financial advice when I'm overseas?

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Weekend March 2/March 3 1991

## Light shines into the gloom

THE VICTORY achieved by coalition forces is an extraordinary military achievement. It is also a political achievement, owed largely to President George Bush. Nonetheless, John Major has a share in the credit. As an economic event, however, the conclusion to the war is of modest importance. What will matter more to the government are the opportunities that are opening up for the domestic economy.

Where Saddam Hussein's invasion had its most important economic effect was in the surge in oil prices, now almost entirely reversed. From the first day it appeared that the effects would be nothing like as great as in the two previous oil shocks. Even so, the increase in the spot oil price, from some \$16 a barrel in early July to the peak of \$42 in early October, had an important negative impact on world economic activity. Since then, however, the price has fallen, most strikingly in the decline of \$11 on the first day of the conflict.

Yet the coalition's successful campaign may be of substantial and long-lasting importance to the world oil market. It is difficult to imagine a more strikingly successful Arab oil states - including Kuwait - pursuing a pricing policy frowned upon by the US, at least in the next few years. The US will want steady prices. But it may also want prices that are not far below their present level. Certainly so long as President Bush with his attachment to the interests of the US oil industry - remains in power. As Kuwait and ultimately Iraq return to the world market, achieving price stability at present levels will be easy. But such price stability would certainly be something that the world can live with.

Since the war turned out to be blessedly short, its costs were modest. The economic impact of those costs depends on the speed with which lost assets and expended ammunition are replaced. Financially, however, it appears that offset payments to the UK may match or even exceed the cost. The same may also turn out to be true for the US.

## Kuwait's costs

It is in Iraq and Kuwait that the resources costs of the war have been large. \$100bn has been mentioned as the cost of reconstruction in Kuwait alone. This expenditure will provide a welcome boost to world economic activity. But only a small part of it will be spent in the near future. That is bound to be still more true for Iraq, where reconstruction is likely to be delayed for a long time, particularly if Sad-

dam Hussein manages to cling to power.

For the UK economy, in short, what matters far more than the outcome of the war are the forces that have been working in the world economy as a whole. At present, these forces are working in the government's favour, since they point in the direction of further cuts in the rate of interest. Base rates are now two percentage points below their peak and have fallen by one percentage point in the February. It is no longer difficult to imagine interest rates down to 11 per cent or so by the summer.

## Favourable sign

For the government, the most favourable sign has been the almost non-existent reaction of the foreign exchange market to the last two base rate cuts. Particularly helpful have been the weakening of the D-Mark against the dollar, the German government's policy of not to fight further increases in the need for tax increases, the growing credibility of sterling's position within the exchange rate mechanism and the decline in domestic inflationary pressures. Even wages of Ase countries have been responding, if too little and too late to prevent large increases in unemployment.

The growing likelihood that German interest rates have peaked is not the least of these favourable developments. These pressures upon the Bundesbank not to fight further increases in the need for tax increases, the growing credibility of sterling's position within the exchange rate mechanism and the decline in domestic inflationary pressures. Even wages of Ase countries have been responding, if too little and too late to prevent large increases in unemployment.

Also favourable, is the likely course of the US dollar and US interest rates. Against the D-Mark (and the pound) the dollar is back to where it was in early January. The Federal Reserve is likely to take this as an opportunity to lower US interest rates still further. If US interest rates were to fall and the dollar were not to strengthen further, there would be further good reasons not to increase, and quite possibly to lower, German interest rates. For the UK economy, the opportunity created by lower interest rates in Germany outweighs the damage that is likely to be done by persistent weakness of the dollar.

John Major has a well-earned share in a triumph that is likely to have little further economic consequence. But as he turns his attention back home, he will like at least some of what he sees. Economic developments both at home and abroad are giving the government a reason to limit, degree of manoeuvre, above all over interest rates. If so, the voices calling for the election to come earlier rather than later must grow louder.

global positions now or in the future. They must be able to compete profitably in the key world markets of Europe, North America and the Asia-Pacific region. Businesses without this potential will either be kept on as cash generators without significant new investment, or sold off.

Sir Denys and his senior colleagues have decided which businesses they want to keep and encourage, and which are candidates for sale or closure. But "for commercial reasons" he refuses to reveal their identities, apart from restating ICI's "irrevocable" decision to get out of fertiliser manufacturing and holding up ICI Seeds as an example of a growth area to be nurtured.

The review of ICI's entire operations, which led to the new strategy, was carried out during an intensive two-month period last autumn, after the group had felt the first impact of the economic downturn and the effects of the Gulf crisis. As Sir Denys now admits, he had been over-optimistic about the extent to which the reshaping

For most of the past 40 years the Middle East has been a graveyard for Arab optimists. For the past seven months President Saddam Hussein of Iraq has again shown why. But, as Arabs like to emphasise, Europe's experience was far worse in the previous 40 years, which include the military career of President George Bush.

During that period Europe was scarred by invasions, appalling wars, shocking loss of life, dictators whose ambitions made those of Mr Saddam look modest, genocide on a scale that is still difficult to grasp, and a destructiveness which makes today's rebuilding of Kuwait appear a pre-breakfast task.

In the wake of that chaos came the state of Israel, the post-colonial Arab world, the modern map of the Middle East and a new Europe, prosperous, more united than ever before, but prepared to make only a highly qualified commitment to resolving the problems of the Middle East which in part grew out of its own disasters.

It is tempting to hope that the Middle East might follow Europe's example. Great disasters, such as the ones which have befallen the peoples of the Gulf region in the past decade, might, like those of Europe, pave the way for a fresh determination to find a better way forward, built on a resolution of the region's most fundamental problems. There could - just - be an opportunity now.

Mr Saddam's ambitions were crude, personal and, it can be argued, unrelated to the longer-standing problems of the Middle East. But they are only irrelevant to those people outside the Middle East. Within the region, as Mr Saddam showed, even a monstrous figure such as himself can garner popular support by emphasising particular issues.

Those issues are the threats which have run through Middle East politics since the end of the Second World War and which have been promoted, orchestrated and frequently manipulated by a succession of Arab and Moslem leaders. The residual memories of colonialism should never be underestimated as a political force. In the eyes of Arab states they remain a powerful political tool as they are in the Middle East. But in the case of the Arab world they were given tangible expression in a most emphatic way by the creation of Israel and the denial of self-determination for the Palestinians.

President Gamal Abdul Nasser of Egypt articulated Arab frustrations more powerfully than those who have subsequently sought to assume his mantle. His seizure of the Suez Canal in 1956 fired nationalist and pan-Arab ambitions, but his defeat at the hands of Israel in the 1967 Six-Day War left a bitter taste and a sense of failure that nothing that came after has totally expunged. President Anwar Sadat tried and partially succeeded in the 1973 war by crossing the Canal and retaking a small slice of Sinai, a military action which was to pave the way for his visit to Jerusalem in 1977 and subsequent peace treaty with Israel.

President Sadat's unilateral Nobel Peace Prize-winning initiative, lauded in the west but despised in much of the Arab world outside Egypt, opened the door for Mr Saddam by seeming to shut the door on the Palestinians. The Camp David agreements, signed by Egypt, Israel and the US, provided for Egypt to regain its sovereignty over the Sinai, but no progress was made on the other issue covered, that of Palestinian rights on the occupied West Bank and Gaza strip.

President Saddam, even then among the most extreme Arab leaders and ever ready to accuse Libya's Colonel Gaddafi of moderation, stepped into the vacuum left by President Sadat's abdication of Arab leadership to stake his own claim. But in that he faced a new challenge mounted by militant Islam in the form of neighbouring Iran and the new clerical

Roger Matthews, Middle East Editor, says the world must learn the lessons of history if it is to secure regional stability

## Dove of peace among the ruins



leadership of Ayatollah Khomeini.

The two regimes have shamelessly swapped political clothes. The ayatollahs of Iran donned Arab dress, purportedly to free Palestine from the Jews, while latterly the secular President Saddam became more devout than the clerics in Tehran, also purportedly to free Palestine from the Jews. They, of course, did nothing to assist the Palestinian guerrilla forces when relentlessly attacked by Israel in its 1982 invasion of Lebanon.

Instead, they fought each other for eight years until Iran was exhausted. Now President Saddam has fought for six weeks and achieved a far more spectacular national defeat. Mr Yasir Arafat and the Palestine Liberation Organisation, which first embraced Khomeini and then switched to Mr Saddam, are left stranded, impotent, and even further from home.

In one sense it is even worse than that. Arab aspirations have for the past 20 years been sustained by oil and by the Soviet Union. Both now matter less. Not only has the industrialised world learned to limit the growth of demand for oil since the price shocks of the early and late 1970s, but the US also now has an actual physical and longer-term political grip on the main sources of supply.

At least half the total pre-war output from the Organisation of Petroleum Exporting Countries came from sources now under a greater or lesser degree of American influence. Of those countries Saudi Arabia and Iraq have by far the highest level of proven reserves.

Simultaneously the political evolution under way in the Soviet Union has helped to transform its Middle East policies to the extent that it could countenance a full-scale military attack by the US and its allies on Iraq, a country with which it has a treaty of friendship and co-operation, from which it was latterly earning some \$2bn in year in hard currency and with which its own military had close relations.

As important, for the first time in

One of the greatest dangers the US now runs is to believe that there is a political settlement possible which in terms of efficiency approaches the military settlement the coalition forces have just imposed

many years the Soviet Union will not resupply an ally which has lost a great deal of military equipment in battle. The example of Iraq will weigh heavily on the thinking of that arch pragmatist President Hafez al-Assad of Syria who commands the last sizeable Arab army opposed to Israel. By sending his troops to fight alongside the allies in Kuwait, President Assad was not just expressing his loathing of President Saddam but also seeking an American-endorsed insurance pol-

icy against what he fears could be an Israeli attack on Syria.

President Assad's action demonstrates the depth to which Mr Saddam has now buried, along with tens of thousands of his own people, the already largely discredited notion that there could ever be an Arab military solution to the presence of Israel in the Middle East or to the plight of the Palestinians. Instead it confirms the trend, set in train by President Sadat, for Arab acceptance of Israel's right to exist in peace behind its pre-1967 borders as expressed in United Nations Resolution 242.

How much further Arab leaders may be willing to go along that path will depend largely on how President Bush chooses to exercise the overwhelming political dominance the US now has in the region. The six Gulf Arab states are even more deeply in America's moral debt and Iran, seeking to restore its economy and capitalise further on Iraq's demise, is unlikely to risk more than verbal warnings to the nation it knows best as "The Great Satan".

More moderate Iranians, along with a broad swathe of other Middle East opinion, will however have been deeply concerned by reports from Washington that the US can foresee having a military presence in southern Iraq for at least a year. Few prognostications could be of greater concern to the Israeli leader and to his fellow extremists in the region for whom conspiracy theories based on past colonial experience are the very bread of political life.

One of the greatest dangers Wash-

ington now runs is to believe that there is a regional political settlement possible which in terms of efficiency approaches the military settlement the coalition forces have just imposed. Equally, it must be constantly aware of the temptation, all too well appreciated in Europe, of equating a people with the actions of its leadership. By remaining militarily in Iraq until it is satisfied with its own defence, it is arranging, the US risks giving Mr Saddam and his closest allies the one rallying cry which could be used to delay their departure.

However the relationship which matters most in the months ahead is the one between the US and Israel. President Bush and the allied forces have reason to be grateful to the government of Israel for refusing Mr Saddam's bait and not retaliating against Iraq's Scud missile attacks. It was the first time Israel has not taken action, especially against such gross provocation, and thus a milestone in the region's politics.

Israel crossed another important threshold by allowing American forces onto its territory with Patriot missiles. For a country long determined to take sole responsibility for the conduct of its own defence, it was an important concession which also served to underline that the acquisition or holding of territory does not necessarily help to erect adequate defences against missile attacks.

Taken together with Israel's previous agreement under the Camp David accords to exchange territory for peace, there do not seem at first glance to be many important issues of principle left blocking the way to a more comprehensive settlement which would include the Palestinians. Given that Israel's current prime minister, Mr Yitzhak Rabin, has signed such a settlement may well still be impossible to reach. But there is enough evidence, from the Arab side at least, to suggest that in the wake of the Gulf war it is again worth pursuing more actively.

Israel's primary concern has always been security. Given the huge international effort made to restore the sovereignty of Kuwait, it should not be beyond the capabilities of the world community and especially President Bush to devise a security formula that Israel would find difficult to reject.

It is true that, pertinent as they may seem now, these arguments have been advanced at various times in the past 20 years to support the idea of a "Middle East peace process". It is also true that Israel has shifted the political right in the past two decades. The result may be that there is no formula, no international guarantee, that the present hard-line Israeli government would be willing to accept if it meant as a consequence self-determination for the Palestinians and an end to Israel's occupation of the West Bank and Gaza.

If Mr Bush and the European Community are willing to live with such a rejection then it seems probable that the political frustrations on which Mr Saddam sought to capitalise will persist. Israeli society will be further afflicted by the costs of repressing the three-year Palestinian revolt, while overall Arab economic development will slip further behind that of other countries as its leaders devote their main efforts to political survival.

Of course, helping to find a way forward for the Palestinians will not solve the other problems of the Arab nations and the Middle East. But it would signal help to offset the despair that will blanket parts of the region in the aftermath of the Gulf war. Europeans and the US remember the colossal efforts that went into rehabilitating the victims and economies of the dictatorships which launched the Second World War. If the world is to avoid another generation of Saddam Husseins, it needs to apply more enthusiastically the lessons it has learned from the past 40 years.

## MAN IN THE NEWS

Sir Denys Henderson

Cultural heir with his own blueprint

By Clive Cookson



global positions now or in the future. They must be able to compete profitably in the key world markets of Europe, North America and the Asia-Pacific region. Businesses without this potential will either be kept on as cash generators without significant new investment, or sold off.

Sir Denys and his senior colleagues have decided which businesses they want to keep and encourage, and which are candidates for sale or closure. But "for commercial reasons" he refuses to reveal their identities, apart from restating ICI's "irrevocable" decision to get out of fertiliser manufacturing and holding up ICI Seeds as an example of a growth area to be nurtured.

The review of ICI's entire operations, which led to the new strategy, was carried out during an intensive two-month period last autumn, after the group had felt the first impact of the economic downturn and the effects of the Gulf crisis. As Sir Denys now admits, he had been over-optimistic about the extent to which the reshaping

of the 1980s would shield the company from another recession and oil price shock.

Even so, he denies - a touch defensively - that the new plans are hasty window-dressing for a round of cuts and closures. Observers say that the ICI workforce may fall by 10 per cent - 13,000 people - over the next two or three years, but Sir Denys refuses to give any estimate of the likely overall job losses.

The accompanying management reorganisation will give ICI a simpler shape, with seven international business groups each headed by a chief executive. These now have a clearly pre-emptive position over the traditional ICI "territories" - national companies and organisations.

"There is far too much debate in ICI between territories and businesses and far too much duplication of resources and effort between them," Sir Denys comments.

He insists that the changes do not represent a shift in the overall direction established by Sir John. And he shudders at

that "it's really a job for one and a half people". The demands have increased since then, Sir Denys says. "The environmental pressures and City pressures have grown, and there's even more need to keep on top with all the international businesses."

Even so, he does not take that argument to its logical conclusion - as Sir John has since leaving the chairmanship - and accept that the top job at ICI should be split in two. As Sir Denys remarks wryly, Sir John did not suggest that the company should have a separate chairman and chief executive while he was still in the post.

But Sir Denys does indicate that during the second half of his eight-year tenure, he plans to step back and become more of a traditional chairman. After a year or so, he plans to hand over the chair of the new senior management body, the Performance and Policy Committee, which is being created as part of the reorganisation.

The PPC, comprising the nine ICI executive directors and the chief executives of the seven businesses, will meet quarterly to review performance and discuss group policy.

"I want to chair the PPC myself for a year to see how it goes," he says. "Then perhaps I'll hand it over to one of my colleagues on the executive team."

Sir Denys says the timing of ICI's restructuring may have been affected by the current crisis, but he insists that the business was ready for review, almost a decade after the changes inspired by Sir John.

What shape the company will take after Sir John's departure, he is obviously out to make a lasting mark in other ways.

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The Secretary of State for Defence has set up the "Gulf Trust" to which members of the public may subscribe. Donations to this fund will be passed to the charitable Services Benevolent Funds (King George's Fund for Sailors, The Army Benevolent Fund and the RAF Benevolent Fund) and they will use the money to meet the needs of those Service personnel and dependants who have suffered as a result of the hostilities in the Gulf. If you would like to contribute to the Gulf Trust you can do so by filling in the coupon and attaching a cheque or Postal Order.

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Nothing could more vividly confirm Mrs Thatcher's belated discovery that Mr John Major may not be "one of us" than her successor's choice as incumbent at Conservative Central Office.

For the outgoing prime minister, Mr Chris Patten was too obviously talented to exclude from the cabinet, but too liberal for admission to the charmed circle of truly intimate insiders.

As party chairman, he has now expanded his roles as speech writer, master of the manifesto and tone-setter-in-chief to take on the engine room of the party for the coming general election. His success or failure in remodelling the machine could decide the Tories' fate. Some MPs argue that an overhaul is due.

Despite last year's costly refurbishment in corporate pastels, the red-brick corner house in Smith Square retains a stubbornly immutable atmosphere of no-nonsense conviction, political gossip and strong tea.

Set alongside the more endearing chaos of Labour's Walworth Road headquarters, the place is reputed to be a veritable crucible of acutely targeted political weaponry. Yet, as an institution, it has never commanded much affection.

In part, this is because Central Office has a monstrously difficult role as master, servant and intermediary for everyone from MPs. Downing Street, fiercely independent constituencies, local authorities, Young Tories, Tory Women and even Conservatives Abroad. As such, it must co-ordinate and service the party, initiate and disseminate

# Philosopher in the Tory engine room

Ivo Dawney on the uphill task facing the Conservative chairman in overhauling Central Office



Hands on the party machine: from left, mastermind Norman Tebbit, outgoing Kenneth Baker and pin-up Chris Patten

policy, supervise campaigning and nurture the media. Inevitably, it is often caught between the leadership and the grassroots and espied by both.

One former deputy chairman observed: "Central Office tends to run for 95 per cent of its time at 25mph, but then must accelerate to 100mph for elections." To Mr Patten, it is one of the most efficient political machines in Europe. But one mid-ranking minister recently remarked: "Central Office is unreformable."

The new chairman is nonetheless determined to ensure that his arrival means more than a mere change of slogans on the new "persuasion, not assertion" banner.

Under Mr Kenneth Baker, the outgoing chairman, the party headquarters became a propaganda command centre with "KB", as he was known universally to staff, poring over expensively commissioned opinion polls and tapes of his nightly TV appearances.

The research department, taken into Smith Square from Old Queen Street in 1980, had fallen if not from grace, then from favour. As Mrs Thatcher drew deeper into her bunker, she turned more and more for her intellectual stimulation to her own policy unit or the Centre for Policy Studies.

Credit for the historic 1987 third-term victory, masterminded under Mr Norman Tebbit's chairmanship, was spoiled

by the now infamous "wobbly Thursday" when the PM called in Mr (now Sir) Tim Bell, the former Saatchi director, to redirect the campaign.

As an ex-director of the research department, stalwart of the Tory Reform Group, Roman Catholic and acknowledged pin-up of the party's articulate left, Mr Patten is known more as a philosopher than a campaigner.

Early evidence of this came last month when he gave an extensive interview on his vision of 1990s Toryism in *Marxism Today*. "KB would never have done that, he would not have seen any votes in it," one young official commented.

That interview, it was noted, was full of praise for the German Christian Democratic Union, its allied think-tank, the Konrad Adenauer Stiftung, and the so-called "social market" - a concept equally at home on Labour lips these days. Its sentiments drew an admiring leader from the *Guardian*.

Mr Patten insists that Mr Baker demonstrated great ability at a traumatic time for the party. But he adds: "My strong hunch is that the electorate is going to be pretty serious about the choices at the next election. It won't be enough to drag a comet's tail of TV cameras around the country. It is much more likely to be an elec-

tion about arguments, not photo-opportunities."

But if a marked change of style is an integral part of the new Toryism, it is still a matter of debate whether there are chinks of daylight between Pattenite "social marketeers" and the "dry on the economy, wet on social issues" pragmatism of the Majorites.

So far, few real clues have emerged from the few staff changes made at Central Office. To date, these have seemed less ideological than managerial.

In a move widely considered inspired, Mr John Cope, a chartered accountant, deputy chief whip and former Northern

Ireland minister, has been appointed as the party's first full-time deputy chairman, to act as chief executive.

It will fall to this "round peg in a round hole" to shore up an overdraft estimated at well over £6m, while still keeping Mr Baker's opinion polls flowing - an argument, one cynic suggested, for an early fundraising election.

Another recent arrival suggests that the Tories certainly have no plans to abandon attention to sharp presentation. Mr Shaun Woodward, the party's new communications chief, combines a double first, a meteoric BBC career and a marriage to the daughter of the

millionaire MP and trade minister, Mr Tim Sainsbury.

His 32 years, the chairman revealingly points out, packs in "a lot more experience than Peter Mandelson did" when he took over as the Labour's party's communications director - evidence, perhaps, that the media are not being entirely ignored in favour of the new message.

Other hirings have added a few grey hairs to Mr Andrew Lansley's youthful research department. Mr Martin Graham is an old Lansley colleague from the Association of British Chambers of Commerce, while Dr Elizabeth Cottrell is a one-time special adviser to Mr David Mellor, the chief secretary and an artful dodger of left-right definition.

Mr Patten would like eventually to shift the department's emphasis from an advisory role to a loftier, more autonomous policy think-tank - possibly combined with the CPS. But this has already provoked murmurs from a suspicious Tory right that he is empire-building.

Right now, however, the department's task is the more mundane, if crucial, business of writing an election-winning manifesto.

In the meantime, it is the wording of the new chairman's speech that are being subjected to minute textual analysis. His recent suggestion that standards in public services

should be raised to a level that leaves private sector alternatives at a disadvantage "went down like a lead balloon" with the enemies of public spending and state sector monopolies.

One understandably anonymous member of a rival power centre conceded that Mr Patten was "personally engaging", then added: "But there is also a mood of wary watchfulness."

The recent behind-the-scenes attacks on Mr William Waldegrave, the health secretary, for what the right sees as a less than rigorous commitment to market-based reforms have also been noted. "Waldegrave is the equivalent of a miner's canary," one right-winger claimed this week. "It turns up his toes, Patten will know that he is being watched."

Publicly, at least, Mr Patten has so far stuck largely to tactics. "It would be a mistake to fight for leadership on our record and a few slogans," he says. "There isn't a clear Labour agenda nor is there likely to be one. Labour claims Major is son of Thatcher - they don't realise how much he is."

The Tory infantry, however, will hear that Labour is no longer to be castigated as "barking mad". Mr Patten prefers to argue the "implausibility" of Labour's basic claim that "they can somehow run a market economy better than we can".

With a recession raging, Labour's case is less implausible than it once was, however. Critics of the chairman's strategy question whether it will be easy to persuade the more Thatcherite constituencies that "bait" for minds not hearts can easily be sold alongside the home-bottled jams.

Don Christie surveyed the Victorian pub in London's Hatton Garden that he had just bought from Bass, the UK's biggest brewer, and reflected: "It's not all wine and roses being a pub-owner."

Or even beer and skittles. Britain's national brewers might add as they contemplate the problems of selling or leasing their pubs. The effect has been to reduce the value of tenanted pubs by about 20 per cent over the last 15 months. The effect has been illustrated most strikingly over the last year by the £500m reduction - equivalent to nearly £60,000 a pub - in the value of Intreprenuer Estates, the soon-to-be-merged pub interests of Courage and Grand Metropolitan.

Several sales of small packages of pubs last year yielded average prices of £200,000. Vaux, the Sunderland-based brewer, reported that it paid about £160,000 for tenanted pubs.

Since October, Bass has sold 111 pubs for £21.3m, an average of just over £190,000. More price falls are expected. Courage, which aims to sell 1,100 of its smaller pubs after the GrandMet deal expects them to raise £157m, or about £143,000 apiece.

Apart from GrandMet, which entered the market early and has sold 1,400 pubs in the past 18 months, the nationals have as yet put few of their pubs up for sale.

Whitbread has sold about 300 of its 2,200 pubs to date, and the company has been pressing the government, apparently to no avail, for a relaxation of the deadline. Allied-Lyons has sold 450 of the 2,250 it must unload. Bass has sold, or agreed terms on, 650 pubs of the 2,680 earmarked for disposal.

Inn Data, the market analyst, says that last year's average price of £220m worth of pubs being offered, a fifth of them by the big brewers.

Market peculiarities are making it hard to match pub buyers and sellers, writes Philip Rawston

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Mr John Spicer, analyst at Kleinwort Benson, estimates that there are still pubs worth a total £1.5bn to be released. Who will buy them? Many potential buyers are prepared to wait for better opportunities. The nationals are pushing their smaller pubs on to the market first. But eventually they will have to release higher ones, and even if interest rates fall further, the number that will be available will keep prices down, they calculate.

The regional and local brewers, for whom the enforced sale provides a one-off chance to extend their estates, increase turnover and improve brewing efficiency, have so far bought relatively few.

"I think most of us are in the same ball game," says Mr Michael Hurdie, chairman of Marston's, the Burton-based brewer. "We are all looking for pubs that make money." Marston bought 49 pubs from Allied and four from Whitbread last year to bring its total number to 890. It is waiting to buy more - "there must be better things to come," says Mr Hurdie.

Leisure companies had been expected to figure among the buyers. "But a number have run into financial difficulties and it is now hard to see them as net purchasers," says Mr Spicer. "In fact, some may be under pressure to sell."

The only big buyer has been Mr

Nazmu Virani's property and leisure group, Control Securities, which also owns the Belhaven brewery in Dunbar, Scotland. It bought 220 pubs from GrandMet for £48m a year ago. It has been quiet since but still aims to build its 820-pub estate up to 2,000.

A number of new pub retailers have entered the scene. Northumbria Inns in Newcastle-upon-Tyne has bought a dozen pubs in the north-east and intends to expand to around 50. The Sussex-based Allen Partnership which bought 27 Scottish pubs from Whitbread for £9m, has similar ambitions.

More entrepreneurs may emerge: but finance is tight. There are

doubts about the viability of many pubs if they are detached from a large tied estate.

The depressed housing market is preventing first-time buyers from selling their homes in order to re-invest in pubs. Even demographics are against the brewers: there are fewer 30-44-year-olds, the age group in which pub-owning ambition is usually fulfilled.

In the end the brewers will have to rely heavily on selling or leasing pubs to sitting tenants. Most of Bass's sales so far have been to its tenants. But Mr Christie, who has bought Simpsons pub-restaurant in Histon, Cambridgeshire, is a move that requires hard-headed calculation. "It's easy to stand behind a bar and be a social host," he says. "It's much harder to make a consistent profit. Not everyone can run a business."

Mr Terry Parrott, who bought the village pub at Whitfield, Somerset where he has been tenant for three years, echoes those views. "We've always wanted our own pub

and we are delighted to get it," he says. "But we've never had delusions about what it entails."

With a recession raging, tenants generally adopting such pragmatic attitudes. Few sales have yet been made and efforts to negotiate leases have run into problems with another deadline.

Many tenants will be given security of tenure under the Landlord and Tenant Act next July. Unless leases can be agreed in the next four months, the brewers have said they will issue notices to quit to protect shareholders' interests.

The National Licensed Victuallers Association claims that the brewers are being unrealistic about the prices they are asking for both freehold and leasehold properties. "Tenants are being offered their pubs in the middle of a recession on terms they cannot afford and would be foolishly to accept," it says. "If the tenants are to be tight and brewers to drop their prices by 20 per cent if they do not want to see the pubs boarded up."

## Modify plans by MacSharry

From Mr Robert Hine

Sir, It is ironic that after pressing for so long for fundamental changes to the Common Agricultural Policy, the UK government should now attempt to modify the policy by Mr Ray MacSharry, the agricultural commissioner, to initiate reform.

Mr John Gummer, the UK agriculture minister, is misguided in his opposition to the MacSharry proposals, which though imperfect, are a step in the right direction. He should ignore the clamour of the lobby and no worthwhile CAP reform can avoid cutting prices paid to large farmers. Instead, he should argue for two modifications.

First, the compulsory set aside requirements for large farms should be reduced, allowing farmers who can profitably produce at the lower prices some scope to do so without losing all compensatory payments. At the margin, the acreage cropped would then be determined by market prices not by EC fiat.

Second, the funding of compensatory payments should be shared between the national governments and the Community. In poorer countries, the EC would fund all payments, whereas in richer ones costs would be shared with national governments.

This would ensure that CAP reform does not impose a further budgetary burden on Britain. This modified the proposals would address the need for fundamental CAP reform and provide a basis for successful negotiation in the Uruguay Round.

Robert Hine, Department of Economics, University of Nottingham.

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## Chef roasts "high-handed" portrait

From Mr Nico Ladinis

Sir, I refer to the portrait of me by Nicholas Lander (Mr) in *The News*, February 25, which I believe to be inaccurate, misleading and high-handed.

Mr Lander used words like arrogant, naive and inarticulate to describe me.

Many who know me would dispute these adjectives, but Mr Lander is entitled to his opinion.

In fact he has nothing to do with this case. Mr Lever

has never been a financial adviser, customer or friend.

I also object to the implication in the article's final paragraph that I am among those chefs who prefer appearing on television and endorsing pots of jam than working in my kitchen.

This may be true of others; it is not true of me. Nico Ladinis, Chef Nico, 35 Great Portland Street, W1.

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## ECONOMIC DIARY

**TODAY:** Conservative local government conference, London.

**TOMORROW:** Estonian and Latvian republics hold referendum on state independence.

**MONDAY:** Two-day EC general affairs council meeting opens, Brussels. EC agriculture ministers start two-day meeting in Brussels. Treasury publishes February figures for UK official reserves. Two-day conference opens in London on understanding the Bundesbank of its effect on the German capital markets, and the Bank of Japan and its effect on the Japanese capital markets: speakers include Mr. Alt, Minister of Finance, Bundesbank, and Mr. Tsuyama, Governor of the Bank of Japan. British Technology Group briefing on bagging 'concordance' and localisation.

**TUESDAY:** Fourth quarter company liquidity survey from CSO Natural Environment Research Council launch 1991 corporate plan. Mr. John Meir, the Prime Minister, pays two-day visit to the Soviet Union, his first since 1989. Mr. Christopher Choe, roads and traffic minister, launches measures to reduce casualties among old pedestrians.

**WEDNESDAY:** European Central Bank Public Affairs three-day seminar opens on influencing decisions in Europe, at Wiston House, Sussex. December figures for overseas travel and tourism from CSO. January advance energy statistics from Department of Energy. Daily of employment, unemployment, earnings, prices and other indicators published in Employment Gazette. Confederation of British Industry old monthly meeting.

**THURSDAY:** Department of the Environment publishes figures for January housing starts and completions; and fourth quarter figures for house renovations. Two-day conference opens, convened by the Royal Institute of International Affairs, on the Uruguay Round negotiations - outcome and beyond, in London. Ribbles Valley by-election. Electoral Reform Society launches Democracy 2000 campaign.

**FRIDAY:** Fourth quarter figures for construction output from Department of the Environment.

FT-ACTUARIES SHARE INDICES									
The Financial Times Ltd 1990. Compiled by the Financial Times Ltd in conjunction with the Institute of Actuaries and the Faculty of Actuaries									
EQUITY GROUPS & SUB-SECTIONS									
Friday March 1 1991									
Index No.	Day's Change	Est. Value (M)	Gross Div. Yield (%)	Est. P/E Ratio	Index No.	Day's Change	Est. Value (M)	Gross Div. Yield (%)	Est. P/E Ratio
1 CAPITAL GOODS (267)	+0.8	12.69	5.67	9.99	0.85	941.79	821.35	812.35	850.12
2 Building Materials (24)	+1.2	12.35	5.28	9.96	0.95	1141.72	1132.98	1116.50	1036.19
3 Contracting, Construction (31)	+1.2	13.02	5.68	9.96	3.90	1358.79	1308.93	1272.49	1036.19
4 Electricals (10)	+1.2	12.08	5.71	10.13	0.80	2310.18	2258.46	2225.39	1036.19
5 Electronics (26)	+1.1	8.91	5.04	14.95	1.55	1719.07	1752.71	1755.02	1036.19
6 Engineering-Aerospace (8)	+0.9	16.48	5.61	7.31	0.85	440.22	431.74	414.10	420.66
7 Engineering-General (47)	+1.2	13.79	5.02	8.72	1.15	423.87	415.98	411.23	420.66
8 Metals and Metal Forming (8)	+1.2	19.20	7.24	6.43	0.00	444.32	449.13	446.13	475.14
9 Motors (13)	+2.4	14.49	6.07	8.04	0.60	338.71	324.08	319.20	290.27
10 Other Industrial Materials (20)	+0.2	11.37	5.48	10.17	0.71	1408.99	1446.82	1425.04	1335.46
11 CONSUMER GROUP (282)	+0.9	13.87	5.11	13.87	3.44	1351.61	1335.49	1330.40	1219.33
12 Grocers and Distributors (22)	+0.2	13.02	5.11	13.87	1.47	1701.44	1684.55	1666.41	1495.99
13 Food Manufacturing (20)	+0.2	13.02	5.11	13.87	1.47	1701.44	1684.55	1666.41	1495.99
14 Food Retailing (16)	+0.2	13.02	5.11	13.87	1.47	1701.44	1684.55	1666.41	1495.99
15 Health and Household (22)	+0.2	13.02	5.11	13.87	1.47	1701.44	1684.55	1666.41	1495.99
16 Hotels and Leisure (22)	+0.2	13.02	5.11	13.87	1.47	1701.44	1684.55	1666.41	1495.99
17 Media (25)	+0.2	13.02	5.11	13.87	1.47	1701.44	1684.55	1666.41	1495.99
18 Packaging and Paper (11)	+0.2	13.02	5.11	13.87	1.47	1701.44	1684.55	1666.41	1495.99
19 Stores (24)	+0.2	13.02	5.11	13.87	1.47	1701.44	1684.55	1666.41	1495.99
20 Textiles (11)	+0.2	13.02	5.11	13.87	1.47	1701.44	1684.55	1666.41	1495.99
21 OTHER GROUPS (113)	+0.2	13.02	5.11	13.87	1.47	1701.44	1684.55	1666.41	1495.99
22 Business Services (12)	+0.2	13.02	5.11	13.87	1.47	1701.44	1684.55	1666.41	1495.99
23 Chemicals (21)	+0.2	13.02	5.11	13.87	1.47	1701.44	1684.55	1666.41	1495.99
24 Conglomerates (13)	+0.2	13.02	5.11	13.87	1.47	1701.44	1684.55	1666.41	1495.99
25 Transport (15)	+0.2	13.02	5.11	13.87	1.47	1701.44	1684.55	1666.41	1495.99
26 Electricity (12)	+0.2	13.02	5.11	13.87	1.47	1701.44	1684.55	1666.41	1495.99
27 Telephone Networks (3)	+0.2	13.02	5.11	13.87	1.47	1701.44	1684.55	1666.41	1495.99
28 Water (10)	+0.2	13.02	5.11	13.87	1.47	1701.44	1684.55	1666.41	1495.99
29 Miscellaneous (27)	+0.2	13.02	5.11	13.87	1.47	1701.44	1684.55	1666.41	1495.99
30 INDUSTRIAL GROUP (149)	+0.2	13.02	5.11	13.87	1.47	1701.44	1684.55	1666.41	1495.99
31 Oil & Gas (20)	+0.2	13.02	5.11	13.87	1.47	1701.44	1684.55	1666.41	1495.99
32 MINING GROUP (50)	+0.2	13.02	5.11	13.87	1.47	1701.44	1684.55	1666.41	1495.99
33 Banks (9)	+0.2	13.02	5.11	13.87	1.47	1701.44	1684.55	1666.41	1495.99
34 Insurance (Life) (7)	+0.2	13.02	5.11	13.87	1.47	1701.44	1684.55	1666.41	1495.99
35 Insurance (Non-Life) (6)	+0.2	13.02	5.11	13.87	1.47	1701.44	1684.55	1666.41	1495.99
36 Insurance (Brokers) (8)	+0.2	13.02	5.11	13.87	1.47	1701.44	1684.55	1666.41	1495.99
37 Merchant Banks (7)	+0.2	13.02	5.11	13.87	1.47	1701.44	1684.55	1666.41	1495.99
38 Property (43)	+0.2	13.02	5.11	13.87	1.47	1701.44	1684.55	1666.41	1495.99
39 Other Financial (20)	+0.2	13.02	5.11	13.87	1.47	1701.44	1684.55	1666.41	1495.99
40 ALL-SHARE INDEX (647)	+0.2	13.02	5.11	13.87	1.47	1701.44	1684.55	1666.41	1495.99
41 FT-SE 100 SHARE INDEX	+0.2	13.02	5.11	13.87	1.47	1701.44	1684.55	1666.41	1495.99

LONDON TRADED OPTIONS									
Options on FT-SE 100 Index									
Option	CALLS	PUTS	Option	CALLS	PUTS	Option	CALLS	PUTS	Option
Delta	Apr	Jul	Oct	Apr	Jul	Oct	Apr	Jul	Oct
And Loan	240	240	240	240	240	240	240	240	240
FTSE 100	240	240	240	240	240	240	240	240	240
ASDA	120	120	120	120	120	120	120	120	120
FTSE 100	120	120	120	120	120	120	120	120	120
British Airways	140	140	140	140	140	140	140	140	140
FTSE 100	140	140	140	140	140	140	140	140	140
British Telecom	160	160	160	160	160	160	160	160	160
FTSE 100	160	160	160	160	160	160	160	160	160
British Water	180	180	180	180	180	180	180	180	180
FTSE 100	180	180	180	180	180	180	180	180	180
British Airways	200	200	200	200	200	200	200	200	200
FTSE 100	200	200	200	200	200	200	200	200	200
British Telecom	220	220	220	220	220	220	220	220	220
FTSE 100	220	220	220	220	220	220	220	220	220
British Water	240	240	240	240	240	240	240	240	240
FTSE 100	240	240	240	240	240	240	240	240	240

**AMERICAN EXPRESS BANK**

**American Express High Performance Cheque Account**

With effect from 6th March 1991 the rates of interest applicable to American Express High Performance Cheque Accounts for interest payable on or after 6th April 1991 will be changed to the rates detailed below, and the Terms and Conditions applicable to such accounts will be so varied.

BALANCE	NET* NET C.A.R.**	GROSS**	GROSS C.A.R.**
\$25,000 and above	9.00	10.03	12.80
\$10,000-\$24,999.99	8.50	9.71	12.40
\$5,000-\$9,999.99	8.05	9.22	11.80
\$1,000-\$4,999.99	8.70	9.08	11.60

For full details of the American Express High Performance Cheque Account call American Express Financial Services Limited on 0444 230 230

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CHAMBRE DE COMMERCE ET D'INDUSTRIE DE PARIS

**INTERNATIONAL STEEL**

The FT proposes to publish this survey on March 27th 1991.

It will be of particular interest to key decision makers in the engineering, car manufacturing, consumer durables, construction, civil engineering and shipbuilding industries who are regular FT readers. If you want to reach this important audience, call Anthony Hayes on 021 454 0922; fax 021 455 0869.

**FT SURVEYS**







## CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGES

## Dollar keeps its attraction

THE DOLLAR moved up towards technical resistance levels in late European trading, boosted by hopes that an end to the Gulf war will speed up the US economy's move out of recession.

This followed earlier strength in the Far East, on reports that Kuwaiti sources had sold Japanese government bonds and converted large amounts of yen into dollars.

Economic news was not particularly encouraging, but the dollar shrugged off a fall of 0.4 per cent in the January index of leading indicators. This meant that leading indicators had fallen for six successive months, after the December figure was revised to a fall of 0.1 per cent from the earlier published rise of 0.1 per cent.

The last time the index gained was in June 1990, when it rose 0.1 per cent. It was flat in July and dropped in each following month as the economy sank into recession.

There was also some disappointment that the National Association of Purchasing Managers monthly index rose to only 58.5 per cent in February. This was above the January figure of 57.1, but below market expectations of 58.8 per cent. A figure below 50 per cent indicates that US growth is negative and the index has been below that level since last October.

Nevertheless the dollar moved up to attack resistance levels of DM1.5380 and ¥134.50. It touched a peak of DM1.5390, before closing in London at DM1.5370 against DM1.5265 previously. The dollar also rose to a high of ¥134.65 and finished at ¥134.50 compared with ¥133.00 on Thursday.

At the London close the US currency had advanced to \$Fr1.3315 from \$Fr1.3280 and to \$Fr5.2350 from \$Fr5.1950. On Bank of England figures its index rose to 61.9 from 61.5. Sterling lost ground to the

strong dollar, but was steady within the European Monetary System. Figures on UK money supply and bank lending were in line with most forecasts and had little impact.

Action by the Bank of England on the London money market was designed to dampen speculation about further early cuts in UK bank base rates, but did not change the generally bullish view.

The pound remained above the weakest placed French franc in the EMS exchange rate mechanism and was unchanged against the D-Mark despite expectations that base rates will be cut again around the time of this month's Budget.

Sterling fell 1/4 cents to \$1.8880, and to \$Fr2.5575 from \$Fr2.5325, but was unchanged at DM2.9175, while improving to \$Fr5.9350 from \$Fr5.9250 and to ¥255.25 from ¥254.00. The pound's index declined 0.1 to 83.7.

## £ IN NEW YORK

Mar 1	Latest	Previous
Spot	1.0771-1.0780	1.0761-1.0770
1 month	2.03-2.04	2.02-2.03
3 months	2.03-2.04	2.02-2.03
6 months	2.03-2.04	2.02-2.03
12 months	2.03-2.04	2.02-2.03

## STERLING INDEX

Mar 1	Latest	Previous
US	83.7	83.8
West Germany	83.7	83.8
France	83.7	83.8
Italy	83.7	83.8
Japan	83.7	83.8
Spain	83.7	83.8
UK	83.7	83.8
Belgium	83.7	83.8
Netherlands	83.7	83.8
Portugal	83.7	83.8
Greece	83.7	83.8
Ireland	83.7	83.8
Finland	83.7	83.8
Sweden	83.7	83.8
Denmark	83.7	83.8
Austria	83.7	83.8
Switzerland	83.7	83.8
Luxembourg	83.7	83.8
Belarus	83.7	83.8
Poland	83.7	83.8
Czech Republic	83.7	83.8
Slovakia	83.7	83.8
Hungary	83.7	83.8
Slovenia	83.7	83.8
Croatia	83.7	83.8
Serbia	83.7	83.8
Bosnia and Herzegovina	83.7	83.8
Montenegro	83.7	83.8
Albania	83.7	83.8
Moldova	83.7	83.8
Romania	83.7	83.8
Bulgaria	83.7	83.8
Greece	83.7	83.8
Turkey	83.7	83.8
Israel	83.7	83.8
Jordan	83.7	83.8
Lebanon	83.7	83.8
Syria	83.7	83.8
Yemen	83.7	83.8
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UAE	83.7	83.8
Oman	83.7	83.8
Qatar	83.7	83.8
Bahrain	83.7	83.8
Kuwait	83.7	83.8
Saudi Arabia	83.7	83.8
UAE	83.7	83.8
Oman	83.7	83.8
Qatar	83.7	83.8
Bahrain	83.7	83.8
Kuwait	83.7	83.8

## CURRENCY RATES

Mar 1	Latest	Previous
US	1.0771-1.0780	1.0761-1.0770
West Germany	1.5370	1.5365
France	5.2350	5.2345
Italy	5.1950	5.1945
Japan	134.50	134.45
Spain	166.50	166.45
UK	83.7	83.8
Belgium	83.7	83.8
Netherlands	83.7	83.8
Portugal	83.7	83.8
Greece	83.7	83.8
Ireland	83.7	83.8
Finland	83.7	83.8
Sweden	83.7	83.8
Denmark	83.7	83.8
Austria	83.7	83.8
Switzerland	83.7	83.8
Luxembourg	83.7	83.8
Belarus	83.7	83.8
Poland	83.7	83.8
Czech Republic	83.7	83.8
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Hungary	83.7	83.8
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Moldova	83.7	83.8
Romania	83.7	83.8
Bulgaria	83.7	83.8
Greece	83.7	83.8
Turkey	83.7	83.8
Israel	83.7	83.8
Jordan	83.7	83.8
Lebanon	83.7	83.8
Syria	83.7	83.8
Yemen	83.7	83.8
Saudi Arabia	83.7	83.8
UAE	83.7	83.8
Oman	83.7	83.8
Qatar	83.7	83.8
Bahrain	83.7	83.8
Kuwait	83.7	83.8

## CURRENCY MOVEMENTS

Mar 1	Latest	Previous
US	1.0771-1.0780	1.0761-1.0770
West Germany	1.5370	1.5365
France	5.2350	5.2345
Italy	5.1950	5.1945
Japan	134.50	134.45
Spain	166.50	166.45
UK	83.7	83.8
Belgium	83.7	83.8
Netherlands	83.7	83.8
Portugal	83.7	83.8
Greece	83.7	83.8
Ireland	83.7	83.8
Finland	83.7	83.8
Sweden	83.7	83.8
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Austria	83.7	83.8
Switzerland	83.7	83.8
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Hungary	83.7	83.8
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Albania	83.7	83.8
Moldova	83.7	83.8
Romania	83.7	83.8
Bulgaria	83.7	83.8
Greece	83.7	83.8
Turkey	83.7	83.8
Israel	83.7	83.8
Jordan	83.7	83.8
Lebanon	83.7	83.8
Syria	83.7	83.8
Yemen	83.7	83.8
Saudi Arabia	83.7	83.8
UAE	83.7	83.8
Oman	83.7	83.8
Qatar	83.7	83.8
Bahrain	83.7	83.8
Kuwait	83.7	83.8

## OTHER CURRENCIES

Mar 1	Latest	Previous
US	1.0771-1.0780	1.0761-1.0770
West Germany	1.5370	1.5365
France	5.2350	5.2345
Italy	5.1950	5.1945
Japan	134.50	134.45
Spain	166.50	166.45
UK	83.7	83.8
Belgium	83.7	83.8
Netherlands	83.7	83.8
Portugal	83.7	83.8
Greece	83.7	83.8
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Albania	83.7	83.8
Moldova	83.7	83.8
Romania	83.7	83.8
Bulgaria	83.7	83.8
Greece	83.7	83.8
Turkey	83.7	83.8
Israel	83.7	83.8
Jordan	83.7	83.8
Lebanon	83.7	83.8
Syria	83.7	83.8
Yemen	83.7	83.8
Saudi Arabia	83.7	83.8
UAE	83.7	83.8
Oman	83.7	83.8
Qatar	83.7	83.8
Bahrain	83.7	83.8
Kuwait	83.7	83.8

## FORWARD RATES

Mar 1	Latest	Previous
US	1.0771-1.0780	1.0761-1.0770
West Germany	1.5370	1.5365
France	5.2350	5.2345
Italy	5.1950	5.1945
Japan	134.50	134.45
Spain	166.50	166.45
UK	83.7	83.8
Belgium	83.7	83.8
Netherlands	83.7	83.8
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Ireland	83.7	83.8
Finland	83.7	83.8
Sweden	83.7	83.8
Denmark	83.7	83.8
Austria	83.7	83.8
Switzerland	83.7	83.8
Luxembourg	83.7	83.8
Belarus	83.7	83.8
Poland	83.7	83.8
Czech Republic	83.7	83.8
Slovakia	83.7	83.8
Hungary	83.7	83.8
Slovenia	83.7	83.8
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Syria	83.7	83.8
Yemen	83.7	83.8
Saudi Arabia	83.7	83.8
UAE	83.7	83.8
Oman	83.7	83.8
Qatar	83.7	83.8
Bahrain	83.7	83.8
Kuwait	83.7	83.8

## MONEY MARKETS

## Bank reaffirms rate

RATES WERE generally steady on the London money market yesterday, but the longer end had a firmer tone after the Bank of England sent a signal to underline the present level of UK bank base rates and dampen speculation about another early cut.

Three-month interbank was unchanged at 12 1/4-13 per cent, while 12-month money was firm at 11 1/4-12 1/4 from 11 1/4-12 1/4.

Short sterling futures showed little movement on the clearing bank base lending rate from February 27, 1991.

The most active month moved from March to June delivery. The March contract closed unchanged at \$Fr1.67 after a quiet day, but June was weaker, falling to \$Fr1.67 from \$Fr1.68.

There was another very large shortage of day-to-day credit on the cash market. The Bank of England initially forecast a shortage of \$1,400m, but revised this to \$1,500m at noon. Total assistance of \$1,425m was provided.

An early round of help was offered and at that time the authorities bought \$872m bills, including \$772m outright in band 2 at 12 1/4 per cent. Another \$585m bills were

purchased for resale to the market on April 2 at 12 1/4 per cent.

Before lunch another \$417m bills were bought outright, by way of \$56m Treasury bills in band 1 at 12 1/4 per cent, \$47m bank bills in band 1 at 12 1/4 per cent, and \$384m bank bills in band 2 at 12 1/4 per cent.

In the afternoon the central bank declined to buy bills from the market, but invited discount houses to use their borrowing facilities. The authorities lent \$540m to the houses at 12 per cent for 7 days to underline the present interest rate structure.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained \$1,638m, with a rise in the note circulation absorbing \$450m. These outweighed exchequer transactions adding \$480m to liquidity and bank balances above target of \$58m.

At the weekly Treasury bill tender the average rate of discount on 91-day bills fell to 11.881 from 12.016 per cent, and the average rate on 182-day bills declined to 11.105 from 11.386 per cent.

The \$250m of 91-day bills offered attracted bids of \$718m, against \$254m for a similar amount the previous week, and the \$200m of 182-day bills received bids of \$576m compared with \$515m.

## FINANCIAL FUTURES AND OPTIONS

## LIVE LONG-TERM FUTURES OPTIONS

Price	Call	Put	Settlement
90	2.50	2.50	2.50
91	2.50	2.50	2.50
92	2.50	2.50	2.50
93	2.50	2.50	2.50
94	2.50	2.50	2.50
95	2.50	2.50	2.50
96	2.50	2.50	2.50
97	2.50	2.50	2.50
98	2.50	2.50	2.50
99	2.50	2.50	2.50
100	2.50	2.50	2.50

Estimated volume total, Calls 1145 Puts 1051  
Previous day's open int. Calls 6436 Puts 4258

## LIVE SHORT-TERM FUTURES OPTIONS

Price	Call	Put	Settlement
90	0.87	1.13	0.87
91	0.87	1.13	0.87
92	0.87	1.13	0.87
93	0.87	1.13	0.87
94	0.87	1.13	0.87
95	0.87	1.13	0.87
96	0.87	1.13	0.87
97	0.87	1.13	0.87
98	0.87	1.13	0.87
99	0.87	1.13	0.87
100	0.87	1.13	0.87

Estimated volume total, Calls 451 Puts 445  
Previous day's open int. Calls 25738 Puts 21387

## LIVE SUBBOLLAR FUTURES OPTIONS

Price	Call	Put	Settlement
90	0.87	1.13	0.87
91	0.87	1.13	0.87
92	0.87	1.13	0.87
93	0.87	1.13	0.87
94	0.87	1.13	0.87
95	0.87	1.13	0.87
96	0.87	1.13	0.87
97	0.87	1.13	0.87
98	0.87	1.13	0.87
99	0.87	1.13	0.87
100	0.87	1.13	0.87

Estimated volume total, Calls 550 Puts 232  
Previous day's open int. Calls 3114 Puts 1000

## LIVE SUBBOLLAR FUTURES OPTIONS



Redwood Ridge PLCADR(4:1) - \$10  
 (22Feb91)

Sterling Industries PLC1st Pr(\$X%  
 Cum(21 - 43 (22Feb91)

Value & Income Trust PLC Warrants 8904  
to sub for Ore - 10 (268491)

Spymark PLC 2.73% Cum Red Pfd 2014  
£7 - 22% & 1/4 4

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## FT SURVEY

**FT SURVEYS**

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## 1095

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+0.05  
-0.20

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JGC Corp.	2,530	-60	Nihon Cement	1,070	-30	TDK Corp.	5,440	-60	James (David)	0.98	-0.01
Kanagawa Sewing Mach.	2,450		Nippon Yusen	645		Taisei Corp.	1,020	-30	Kiokan Gold	0.88	-0.07
JAL	1,360	-30	Nippon Paper Ind.	1,070	-20	Taiichi Marine	985	-35	Land Lease	15.55	-0.25
Japan South & Chem.	1,120		Nissaga Eng.	770	-22	Tatsuo Pharma	2,250	-50	MINI	1.57	

1985







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INDUSTRIALS (MISCELL.)		CONG.	
1978/91		+ or -	Sty
			YTD
			1978/91

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For Latest Share Prices on any telephone ring direct-0838 43 + four digit code (listed below). Calls charged at 4p per minute peak and 83p off peak, inc VAT

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1990/91	Stock	Price	1990/91	Stock	Price
100	1000000	100.00	100	1000000	100.00
100	1000000	100.00	100	1000000	100.00

## Commercial Vehicles

1990/91	Stock	Price	1990/91	Stock	Price
100	1000000	100.00	100	1000000	100.00

## Components

1990/91	Stock	Price	1990/91	Stock	Price
100	1000000	100.00	100	1000000	100.00

## Garages and Distributors

1990/91	Stock	Price	1990/91	Stock	Price
100	1000000	100.00	100	1000000	100.00

## NEWSPAPERS, PUBLISHERS

1990/91	Stock	Price	1990/91	Stock	Price
100	1000000	100.00	100	1000000	100.00

## PAPER, PRINTING, ADVERTISING

1990/91	Stock	Price	1990/91	Stock	Price
100	1000000	100.00	100	1000000	100.00

## PROPERTY - Contd

1990/91	Stock	Price	1990/91	Stock	Price
100	1000000	100.00	100	1000000	100.00

## SHOES AND LEATHER

1990/91	Stock	Price	1990/91	Stock	Price
100	1000000	100.00	100	1000000	100.00

## SOUTH AFRICANS

1990/91	Stock	Price	1990/91	Stock	Price
100	1000000	100.00	100	1000000	100.00

## TEXTILES

1990/91	Stock	Price	1990/91	Stock	Price
100	1000000	100.00	100	1000000	100.00

## TOBACCO

1990/91	Stock	Price	1990/91	Stock	Price
100	1000000	100.00	100	1000000	100.00

## TRANSPORT

1990/91	Stock	Price	1990/91	Stock	Price
100	1000000	100.00	100	1000000	100.00

## PROPERTY

1990/91	Stock	Price	1990/91	Stock	Price
100	1000000	100.00	100	1000000	100.00

## INVESTMENT TRUST

1990/91	Stock	Price	1990/91	Stock	Price
100	1000000	100.00	100	1000000	100.00

## WATER

1990/91	Stock	Price	1990/91	Stock	Price
100	1000000	100.00	100	1000000	100.00

## OIL AND GAS

1990/91	Stock	Price	1990/91	Stock	Price
100	1000000	100.00	100	1000000	100.00

## MINES - Contd

1990/91	Stock	Price	1990/91	Stock	Price
100	1000000	100.00	100	1000000	100.00

## PLANTATIONS

1990/91	Stock	Price	1990/91	Stock	Price
100	1000000	100.00	100	1000000	100.00

## FINANCE, LAND, ETC

1990/91	Stock	Price	1990/91	Stock	Price
100	1000000	100.00	100	1000000	100.00

## MISCELLANEOUS

1990/91	Stock	Price	1990/91	Stock	Price
100	1000000	100.00	100	1000000	100.00

## REGIONAL &amp; IRISH STOCKS

1990/91	Stock	Price	1990/91	Stock	Price
100	1000000	100.00	100	1000000	100.00

## TRADITIONAL OPTIONS

1990/91	Stock	Price	1990/91	Stock	Price
100	1000000	100.00	100	1000000	100.00

## CENTRAL AFRICAN

1990/91	Stock	Price	1990/91	Stock	Price
100	1000000	100.00	100	1000000	100.00

## FINANCE

1990/91	Stock	Price	1990/91	Stock	Price
100	1000000	100.00	100	1000000	100.00

## AUSTRALIANS

1990/91	Stock	Price	1990/91	Stock	Price
100	1000000	100.00	100	1000000	100.00

## MISCELLANEOUS

1990/91	Stock	Price	1990/91	Stock	Price
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## MISCELLANEOUS

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## MISCELLANEOUS

1990/91	Stock	Price	1990/91	Stock	Price
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## MISCELLANEOUS

1990/91	Stock	Price	1990/91	Stock	Price
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## MISCELLANEOUS

1990/91	Stock	Price	1990/91	Stock	Price
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## MISCELLANEOUS

1990/91	Stock	Price	1990/91	Stock	Price
100	1000000	100.00	100	1000000	100.00

## MISCELLANEOUS

1990/91	Stock	Price	1990/91	Stock	Price
100	1000000	100.00	100	1000000	100.00







# Weekend FT

SECTION II

Weekend March 2/March 3 1991

## A liberated press struggles to be free

**I**N PRAGUE'S Wenceslas Square, scene of martyrdom and revolution, you can these days buy, at a price, pretty well any newspaper or magazine you want: foreign publications and soft pornography on the boulevard entrepreneurs - dollars welcome - Czech papers from the state-owned kiosks.

This is just one sign of the changes sweeping through the media of the front-line states in post-Communist eastern Europe. Although in most of these economies, privatisation has been disappointingly slow and foreign investment cautious, in the press both have been dramatic. Poland alone has 118 newspapers on the auction block and the west's press barons are prominent among the bidders.

In Hungary, Rupert Murdoch owns half of both *Moi Nap*, an evening tabloid, and *Kezdo*, a broadsheet and therefore hugely successful weekly, in the same country, the Czech-born, Hungarian-speaking, British-domiciled Robert Maxwell has control of *Magyar Hirlap* and *Esztir*, two leading dailies.

From Germany, Bertelsmann and the Axel Springer group, and from France, Jean-Louis Servan-Schreiber's *Expansion* group and Robert Hersant's conservative *Le Figaro* group have also made bold moves. The former West German press has also more or less devoured the east's joint ventures, as they are politely called - although here too Maxwell made a splash by joining with Gruner and Jahr to buy the former Communist Party's Berliner Verlag publishing house.

There have even been signs, flickering a little more darkly recently, that some countries - notably Hungary, perhaps Poland - are also prepared to countenance serious foreign investment in their television industries: a radical thought, even in the west, Murdoch had to change his citizenship to own an American TV network.

But this ferment of activity is feeding a deepening debate in the centre of Europe about what constitutes a free or an independent press. Does economic problems include monopoly control of distribution and printing, the price and availability of newsprint and lack of basic understanding of how to sell

the church or trade unions, make them in any real sense "independent"? Does this matter, so long as there is enough variety of partisan owners? Are the organs of revolutionary groups such as Solidarity in Poland and Civic Forum in Czechoslovakia doomed to the same kind of craven dependence upon their governments as was, say, *Radio Provo* in the bad old days? What laws should govern the media? What is the legitimate role of the public sector, if any?

Undoubtedly the west believes it has a large stake in these questions and not just because it came to the media barons. The seepage of foreign radio and television into east Europe and the loosening of domestic media which followed glasnost played a big part in toppling the Communists. The further development of a "free" press and broadcasting system is judged in the west to be indispensable to the consolidation of democracy.

Already, numerous American and some European foundations are busy thinking of ways to help. Their activity, though, raises a question asked less often: does the west know what it means by a free press? And anyway, how much can new democracies learn from older ones, most of which have persecuted journalists at some time.

Daniel Defoe, the "father of English journalism", was pilloried and jailed in the early 18th century before, eventually, fleeing the line. "I agreed," he said, "to give the Court no trouble, but to plead guilty to the indictment, even to all the charges, the sedition, the malice, the seditious and long rhapsody of the lawyers and so on."

A survey of east Europe's press by the World Press Freedom Committee, a Washington-based organisation which earlier fought to overturn the infamous Unesco-inspired "World Information Order" project, identifies a range of threats to the survival of free media in the eastern part of central Europe, "both external political and economic ones and the more subtle one of intellectually corrupted mentalities."

Economic problems include monopoly control of distribution and printing, the price and availability of newsprint and lack of basic understanding of how to sell



But is it true? The press in eastern Europe is trying to learn new habits

advertising, run budgets and adapt to modern technology. The intellectual difficulties, the report suggests, are rooted in a cultural preference for polemical, rather than information-based journalism.

It also detects an ambiguous relationship between government officials and the press, caused in some cases by the fact that journalists from revolutionary groups such as Solidarity and Czechoslovakia's Civic Forum are running their countries, but mostly for an older reason, namely that "the nomenclatura is still largely in power in and around the press." The committee suggests that the west might help with twinned newspapers, new journalism schools, free equipment, free western newspaper subscriptions and wire services and a mobile library.

Last week at Stirling Castle near Prague I joined a group of Europeans and Americans to discuss these issues and to see whether yet another American organisation, the New York-based Institute for East West Security Studies, could make a contribution too.

The conference was low key and informal, though I felt personally encouraged by the fact that most of the Czech journalists listed to attend did not turn up. That weekend, President Havel's revolutionary Civic Forum was officially due to tear itself apart amid torrid accusations of personal ambition and reversion to authoritarian ways.

The views of the Hungarian, Czech and Polish journalists were as varied and patchily informed as

those of their counterparts in the west about their own systems of press ownership. The Hungarians are intrigued that Maxwell has cut staff, they say in breach of promises given, but they also point out that he has invested in presses.

Some think the growth of soft-porn journalism a feature of capitalism to be deplored; others see it as harmless or vigorously irrelevant. They also point out that almost all Hungary's quality papers are anti-

66 per cent vote. The Poles are also interested in mechanisms used in Scandinavia and the Low Countries to subsidise smaller circulation, more specialised newspapers and journals.

Journalists from *Hospodarske Noviny*, a Prague economic daily, say "so far, so good" with *Expansion's* 45 per cent stake in their business, but since 55 per cent is still owned by three state banks and the government information

**As western media barons roam across eastern Europe, Ian Hargreaves visits Prague and meets journalists worried about press ownership and accountability**

government in political tone. The claims of the new owners that they are only in it for the money are treated sceptically, but there is also an urgent desire to learn business skills.

"Foreign capital comes with technology and management expertise," says Dr Jacek Poprzeczko, deputy editor of the co-operative-owned Polish weekly *Polityka*. "Also foreign capital has time and can wait for profits."

There is, however, considerable interest in ownership structures which seek to limit the editorial power of the new investors. *Zygodnik Gdansk*, based in the home of the Lenin Shipyard, has sold 51 per cent of its equity to Hersant, but major editorial decisions require a

agency, readers might not expect radical departures.

Conversations at the interface between western goodwill and eastern editorial practice, however, have not always been so even-tempered. Last year, Ben Bradlee, executive editor of the *Washington Post*, clashed with Michael Zantovsky, the former Havel's press spokesman, over the split in Civic Forum only days before Havel helped from behind the scenes to stage manage the split in the forum's congress.

Havel said that without self-restraint, the country still risked total economic and political collapse. However, much of this was explained by the fact that all of Europe's press traditions have a different tone

from those across the Atlantic. For Warsaw, Prague and Budapest, the most influential quality press tradition is that represented in Germany by *Die Zeit* or in Paris by *Le Monde*, stronger on essay-writing and comment tradition than in aggressive news reporting. Further south, Italy offers a model of largely partisan and party politically based media.

It seems unlikely that Europe's new democracies will go for an American approach to press freedom - enshrined in the constitution, underpinned by Act of Congress and impregnated into cans of Coke sold in American journalism schools. They are more likely to find themselves peering through a murkier mist to ask why one western capitalist, with his shares quoted on the stock exchange, has a good record of non-interference with journalistic integrity, when another does not.

In Prague, it is not altogether easy to explain, for example, why the Pearson group, owner of this newspaper, appears to have the knack of producing a great business newspaper you need also to own a zoo and a waxworks. What you need, ideally, is to find circumstances in which editorial integrity is a commercial virtue.

This, in fact, goes to the heart of east Europe's understanding gap. At this stage, the free market is still better understood as a political slogan than as a day to day practical reality, with costs as well as benefits. The expression of consumer preferences, with its consequences in price rises, business failures and job losses, is still something which causes fear rather than a sense of confidence that here is a working engine of a democratic society. It is certainly also true that in a healthy free press market, you also need force regulation against excessive concentration of ownership and a legal framework - ideally entirely of civil law - which deals with issues like defamation.

But what private sector newspapers and broadcasters need before all these things is profitability, still an elusive thing in the east, as the western press barons are finding. Without adequate profits, cunningly structured editorial boards are not much use, as great newspapers such as *Le Monde* and *The Times* know only too well.

After all, it was a great American journalist who said: "We write frankly and freely, but then we 'modify' before we print." Which American journalist? Mark Twain.

## Why investors feast amid the famine

**LAID-OFF CAR** workers, idled travel agents and under-budget newspaper advertising executives may not be able to understand it, but the stock market has got the hit between its teeth again. At least the stock brokers are starting to make some money, even if the estate agents still struggle.

The insensitive spectacle of share prices booming while the economy slumps has many precedents, but not recent ones, because we have not had a significant recession for ten years. I well remember, however, the newspaper headlines in the spring of 1972 when unemployment was approaching the then shocking level of 10m but the stock market was shooting to new all-time peaks. Again, in 1982 the stock market began to surge while the economy was apparently locked in deep recession.

It can happen the other way around. In the latter part of 1988 industrialists complained bitterly that their share prices were falling in spite of the fact that output, orders, profits and dividend growth had never been better. Relations between companies and their institutional shareholders dropped to a new low point.

Two or three years further on it is the finance directors who are gloomy. Their results for the imminent reporting season will be as dreary even cataclysmic - as in 1988 they were buoyant. Yet investors are suddenly eager. If those finance directors were quicker on the uptake they would be able to raise a lot of cash by floating rights issues.

The end of the Gulf War has, of course, something to do with it. As a consequence of the invasion of Kuwait last August share prices worldwide dropped by almost a fifth in two months, as the financial markets speculated wildly about oil at \$70 a barrel and a consequent global slump. During the six-week war, with ever-increasing evidence of an overwhelming Allied victory, the world index has climbed by some 18 per cent.

But there is much more to it than that. In particular, short-term interest rates have been falling almost everywhere except in Germany. Stock markets in the US, Japan and now the UK have responded enthusiastically to the expected downturn in the cost of money.

Cycles in financial markets follow a well-established pattern. In a bear market, bonds touch the bottom first. In the UK, for instance, gilt-edged yields peaked out last April (that is, prices reached a low point). From around 12 per cent yields on long-dated government bonds fell consistently, especially after ERM entry in October. Today the UK long government bond yield is just over 10 per cent.

Next, the equity market turns upwards too, after a time lag which is highly variable but is usually between three months and a year. The FT-SE 100 index, for instance, hit a low at the end of September, five months after the gilt-edged market. Other asset markets may take much longer to catch a whiff of enthusiasm. The commercial property market,

### The Long View



**Once again we are treated to the distasteful spectacle of stock markets booming while the economy languishes. The cycles of the market and industry are out of sync**

for example, appears still to have been weakening in recent months. Fringe markets such as fine art are the real tail-end Charlies. Naturally, the patterns are not always so clear-cut as this.

US Treasury bond yields, for instance, followed an erratic downwards path for several years and did not provide very much of a lead indication before the turn of the US equity market in mid-October. And the vigour of the rallies can vary tremendously. In 1975 UK share prices doubled within a few weeks, because they had previously tumbled so low in the face of a vicious financial squeeze. In contrast, last year's setback to the Footsie index was distinctly modest, and indeed this particular index moved to within 4 per cent of its all-time peak in nominal terms this week (although still some 24 per cent short on an inflation-adjusted basis). So there must be doubts about the amplitude of this current cyclical upturn, although not about its validity.

But how can we explain it all to the baffled company executives? There are some purely financial answers: interest rates are coming down, so keeping money on deposit is no longer an easy option. In 1990 a pension fund manager could have earned 16 per cent by keeping his whole portfolio liquid, while his peers holding the normal spread of assets (mostly equities) suffered an average return of minus 10 per cent. Nobody was entirely in cash, of course, but average pension fund liquidity touched 10 per cent at one state last year. Later in 1991, though, short-term sterling interest rates could well tumble into single figures. Fund managers are therefore being forced into longer-term assets, including

bonds and shares.

Another way of looking at it is to say that the market is anticipating the benefits of the recession. It sounds cynical, but a lost job in these circumstances is a saved cost. Even the cosy clearing banks, which will shed many thousands of jobs this year, are facing shareholder pressure on this now. And it is now becoming possible to see past the bottom of this recession. Some of the scarier statistics on the corporate sector's financial problems, with a financial deficit of over \$200m indicated by the official statisticians, proportionately worse even than 1974, now seem to be misleading. And this week ICI turned in a profit, albeit reduced, and held its dividend, which is more than it did in the traumatic days of early 1981.

But while a recession may have a silver lining - even a golden lining - for investors there need to be growth phases in the cycle too. Last Monday, however, the January trade figures emphasised that even in mid-recession the UK has a serious supply side problem, exaggerated by an overvalued currency. So as the economic recovery develops it could quickly run into problems. But then, students of the stock market cycle are never very enthusiastic about economic booms, anyway. There's nothing quite like a good recession to get share prices moving upwards. Yet those sacked advertising copywriters and redundant accountants will find it hard to appreciate the logic.

## PEPS AND PERFORMANCE FROM NEWTON.

The Newton Income Fund is the top performing PEP Qualifying Unit Trust over 5 years to 1st January 1991.

In fact, over any period its performance is outstanding. It has outperformed its nearest rival in the UK equity income sector by 24% over the last five years.

8th over 1 year  
1st over 2 years  
2nd over 3 years  
1st over 4 years  
1st over 5 years

Newton's other qualifying PEP unit trust, the Newton General Fund, is second out of 155 funds in the International Equity Growth sector since it was launched in February last year.

Remember that the value of investments and the income from them may go down as well as up and that past performance is not a guarantee of future success.

(Source: Microprint to 1 January 1991, offer no bid, income reinvested)

For more information please fill in this coupon and send it to Newton Fund Managers Limited, No. 2 London Bridge, London SE1 9RA. Alternatively you can telephone Samantha Giddins or Jonathan Powell on 071-407 4404.

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**Finance & the Family:** The base rate cut: what it means for you III

**Perspectives:** Justin Wintle visits a forgotten battleground IX

**Food & Wine:** Janice Robinson reports on a City institution X

**Arts:** *Art Collecting:* Two colour pages XII-XIII  
*Property:* Costly havens in the Channel Islands XVIII  
*Private View:* Elisabeth Frink tells Christian Tyler about her art XXII

**Books:** *Harbours:* I *Shooting:* I *Sport:* I *TV & Radio:* I *Travel:* I

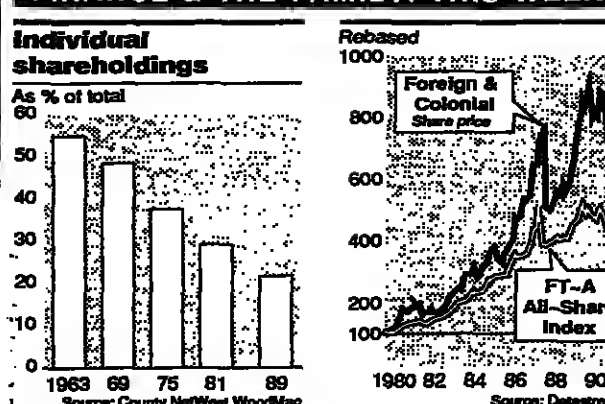
**Style:** *London:* I *Private View:* I *Property:* I

السبيل الى



## MARKETS

## FINANCE &amp; THE FAMILY: THIS WEEK



## Individual shareholdings continue to decline

Whatever happened to wider share ownership? Despite all the privatisations and employee share schemes, the proportion of equities held by individual shareholders has continued its long term decline. The number of private shareholders may have risen to 11m (from 3m in 1979) but the size of their holdings is so small that the effect has been dwarfed by the growth in pension funds. And County NatWest's analysis shows that even in the privatised companies, which targeted small shareholders, the proportion of shares owned by the public is the same as in the rest of the market. Philip Coggan

## Foreign &amp; Colonial hopes for happier times

Foreign & Colonial Investment Trust had a bad year in 1990, with its net asset value per share falling by 24 per cent, compared with a drop in the FT-SE All-Share of 14 per cent. Nevertheless, its long term record is excellent as the graph shows, with its shares comfortably outperforming the All-Share since 1980. More and more private investors are recognising its strength and the number of the trust's shareholders increased by 49 per cent, to more than 38,000, last year. P C

## TESSAs tempt savers

Building society figures released this week suggest that most TESSA accounts are being opened by people who are already substantial savers. The Building Societies Association says that the average TESSA balance opened with its members in January was £2,650 - not far short of the £3,000 first year ceiling for TESSAs.

A total of £1.68bn of savings flowed into building society TESSAs from 638,527 savers. They helped push last month's building society savings total up to £934m from £408m in December. At the same time building society lending was down slightly. New loans agreed during the month totalled £2.51m, compared with £2.64m in December. David Barclay

## Barclays' fraud losses mount

Barclays, the UK's largest credit card issuer, said this week that fraudsters had cost it £25m in losses last year, more than double the previous year's loss. This helped hit Barclays credit operations - once a big money spinner - into an overall £4m loss for the year.

The trouble with credit card fraud is that it is very difficult to track down. Many cards get stolen when they are being mailed out to holders. But a lot of retailers are not strict enough in checking people's identities when they accept cards across the counter. Barclays is now trying to organise a concerted industry crackdown and will be talking to the Royal Mail to find ways of tightening up on postal theft. There are other possibilities for action. Putting holders' photographs on the card may not be practical. Sir John Quinton, the bank's chairman, says: "People grow beards, or just grow old. It doesn't always work." Brian Pearce, the bank's finance director, believes the UK should have a Confidential-style official identity card system. David Lascelles

## New funds round-up

New product launches this week include the CMI Secure Future Plan from Clerical Medical International, which is an investment bond with a guaranteed return of capital. The bond will invest in futures markets. GT Management has also launched an offshore fund investing in Latin America and Britannia Life has launched a fund of funds using its unit trusts. P C

## Helping hand on tax matters

The Inland Revenue has been working hard to help people understand the arcane tax laws. Booklet FT12 describes how non-taxpayers can reclaim income tax if it is deducted from their bank or building society account after April 5. Two old booklets have been revised - CGT13 explains the capital gains indexation allowance for quoted shares; IR63 details the MIRAS (Mortgage Interest Relief At Source) system. All are available free from your local tax office. The Revenue has also cut the rate of interest in relation to tax paid late and overpaid from 12.25 per cent to 11.5 per cent. P C

## INSIDE...

## BES 'guarantees' under fire

John Authers reports on a popular but controversial method of offering Business Expansion Schemes. Plus a new Family & Finance service showing where investors can find the best interest rates for their hard-earned money. Page V

## A new twist for investment trusts

Scottish American Investment Company (SAIC) surprised many this week by announcing that it is to pay 3 per cent commission on lump sum investments into the trust. Philip Coggan and Eric Short look at the ramifications. Page VII

## LONDON

## City catches an early dose of election fever

THE AIR of relief which swept the world's stock markets with the ending of the Gulf war had a particular savour in London that helped push the FT-SE to within 65 points of its all-time high... the smell of a possible early general election.

The speculation was encouraged by Wednesday's half percentage point cut in the bank base rate to 13 per cent, which allowed mortgage rates to fall. The futures market now predicts interest rates will drop to 11.5 per cent by June - just in time for a summer election.

It was not as if there was any shortage of bad news in one of the busiest weeks of the current corporate results season. National Westminster Bank kicked off a grim week for the financial sector by failing to increase its second-half dividend. Although the group's pre-tax profits of £504m were in line with expectations, NatWest more than doubled provi-

sions against UK bad debts to £885m. Most chilling for City dealers was the warning that County NatWest, the group's investment banking arm, had been given two years at most to prove it can make money out of share-dealing and broking. County has been struggling ever since Big Bang, the 1986 deregulation of the City, and last year lost £49m.

Barclays, Britain's largest clearing bank, continued the gloom by reporting that the recession had cost it bad debts of over £600m in the UK last year. However, the market had been well warned about what Barclays described as "disappointing" pre-tax profits of £760m and the shares rose as investors focused on Barclays' plans to shrink its UK staffing levels by at least 15 per cent over the next five years. Nothing good had been foreseen from the big composite

insurers, and their results duly lived down to expectations. Commercial Union, General Accident, Eagle Star and Royal Insurance all reported heavy underwriting losses. Stormy winters, subsidence caused by hot summers and an increase in motor claims, fires and thefts were cited. However, all four groups said they would force through increases in rates for commercial insurance business, even if it costs them market share.

Even good figures were tempered with caution. Vickers, the engineering group which makes Rolls-Royce motor cars and Challenger tanks, increased its pre-tax profits by 15.4 per cent but warned that trading profits for 1991 might be lower than last year. Trying to sell Rolls-Royces in the UK and US is obviously not easy when both economies are still gripped by recession. The uncertainty of Vickers' outlook

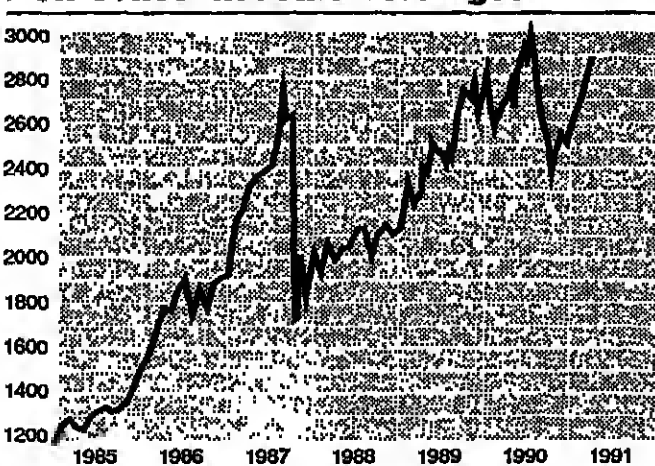
## HIGHLIGHTS OF THE WEEK

	Price	Change	1990/91	1990/91	
	Ytd	on week	High	Low	
FT-SE 100 Index	2386.5	+72.5	2463.7	1990.2	Base rate cut, Gulf war ends
BAA	415	+22	472 1/2	328	Benefits from end of the Gulf war
Barclays	429	+44	429	290	Banks higher after results
Blipien	16	+5	28	7	In bids falls
British Aerospace	618	+64	629	473	Reassuring results
Carlton Comms.	434	+41	610	298	TV franchise hopes.
Glaxo	972	+45	989	689	Good results
Granada	177	-9	357	133	Fears over future of BSkyB
Higgs & Hill	368	+63	466	262	Kuwait rebuilding contract
LASMO	372	+28	510	313	Rise in pre-tax profits
Leasing (J) A	346	+56	347	208	Kuwait rebuilding contract
Lopex	67	+25	196	42	Warburg recommendation
Saatchi & Saatchi	18	+11 1/2	275	15 1/2	Bargain hunting on rights issue plans
Siebe	407	+29	539	245	Countering recent under valuation
Ultramar	351	+34	386	295	Strong refining prospects

## WALL STREET

## Dow ends its victory march

## Dow Jones Industrial Averages



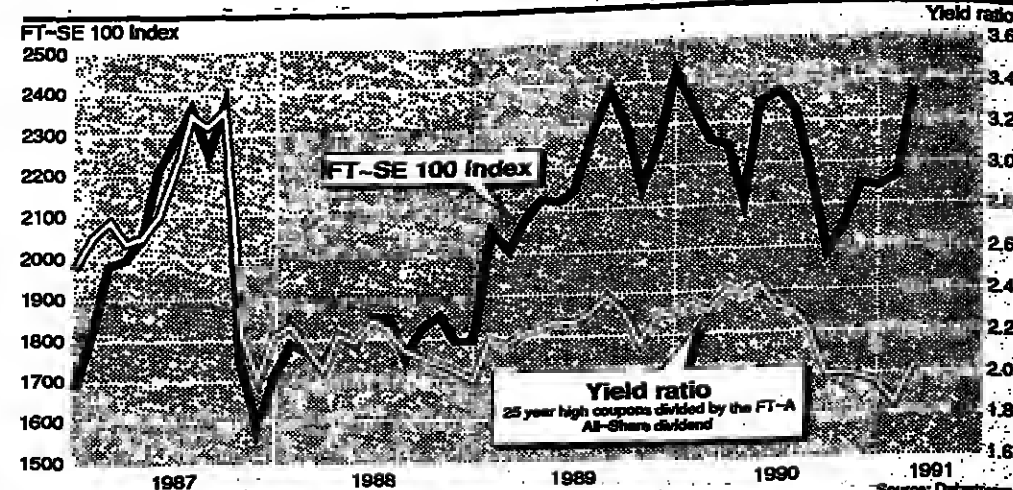
ment reporting yesterday that in February the rate of economic decline lessened for the first time since last July. The end of the war should also boost consumer confidence and a further round of Fed easing is possible over the next month or so.

But the excesses still being worked out of the financial system mean that any recovery will probably be slow and the economy could spend months bouncing along the bottom - a pattern that will hardly favour cyclical sectors, such as cars and steel.

Ford Motor, the second largest US car manufacturer, this week forecast a substantial first quarter loss and followed

rivals General Motors and Chrysler in announcing a big cost-cutting programme, including early retirement and lay-offs for white collar workers. Ford wants to cut \$3bn from its cost structure by the end of the year and says it is already half-way there.

Wall Street expects the company to follow GM's lead and cut its dividend next month. But there is also a suspicion that Ford's cost reduction programme may not yet be as tough as its rivals' and stronger medicine may be needed. A big loss provision this week at Westinghouse Electric, the diversified technology group, shows that expunging the excesses of the late '80s



is increased by the delay of the British government in deciding whether it will buy Challenger 2 to replace the Chieftain battle tanks.

British Aerospace, the military and civilian aircraft group which also makes weapons and owns Rover cars, increased pre-tax profits by 13 per cent and said it was confident about the company's longer-term growth prospects. However, BAE warned it would continue cutting costs by shedding jobs and rationalising production.

Taking steps to deal with recession was also the main theme of the most appetisingly awaited results of the year so far - from Imperial Chemical Industries, one of the UK's largest manufacturers. ICI spooked the City 10 years ago when it responded to recession by unexpectedly cutting its dividend.

The chemicals giant was careful not to make the same mistake again and its shares rose after the dividend was maintained in spite of a 38 per cent fall in pre-tax profits to £977m. The one surprise ICI did spring was to make an extraordinary charge of £200m to cover divestments, closures and restructuring measures.

Glaxo, the drugs company, also cheered the market with a 6 per cent rise in interim pre-tax profits to £617m. Its shares jumped 6 per cent after the group had recently launched drugs that helped it to increase

sales by 12 per cent. It could be argued that the FT-SE's 72-point surge this week is merely a long overdue correction in the relative value of equities. The chart shows the yield ratio, which divides the redemption yield on 25-year gilts by the dividend yield on the FT-SE All-Share Index. At any time investors can choose between the initial higher yield, lesser credit risk but lower growth potential of a gilt, or the lower yield, higher risk but greater growth prospects of a share. When the ratio is low, investors are preferring the security of gilts - and when it is high, they have opted for the attractions of shares.

For most of the last 15 years, the ratio has fluctuated in a band between 2.0 and 2.5. The 15-year low of 1.78 was reached on January 22, so it may be that shares are advancing as companies see an end to recession.

Yet the strength of the London market stood out internationally this week - and domestic political reasons seemed more compelling than any signals from the avalanche of corporate results. Last year Tories were enthused by the prospect of the so-called "golden scenario" - the combination of falling inflation, interest and mortgage rates which has long been forecast for this spring and summer. That conjunction seemed to

have been clouded by the Gulf conflict and the unexpected depth of the UK recession. The sudden ending of the Gulf conflict has put such thoughts back at the forefront of politicians' minds. If there is one thing the City likes to bet on, it is the desire of a government to be re-elected.

Of course the Tories may not take the high risk of calling an early election. But most third managers, who have stayed liquid, are determined not to be left sitting holding cash if a market has embarked on a pre-election rally. On Thursday share turnover reached £41.2m, only recently exceeded by the 1.09bn shares traded on October 8 after Britain's full entry into the European exchange rate mechanism.

Investors will no doubt continue to punish companies which surprise the market with bad news. But even if it has raced ahead recently, London continues to look like a market which is seeking reasons to advance - not to retreat.

As the "golden scenario" comes back into focus, the City will pay increasing attention to political factors such as the forthcoming Riddle by-election, the Budget and May's local government election results. Not for nothing was the dismal science of economics originally called political economy.

Andrew Bolger

## SMALLER COMPANIES

## The penalties of flotation

Small cost indices		
	915.4	% chg on wk
CSCI	915.4	+4.5
AGSC	1128.25	+4.1

As of Feb 28. \* Capital gains variation

AS TOTTENHAM Hotspur tries to put together a rescue package that will reduce its £10m bank debt without forcing the sale of its football stars, fans must be wondering whether its stock market listing has played a part in its ills.

At the annual meeting this week, one of the shareholders described the crisis as "financial hooliganism", another came out with a more typical chant: "I'm not interested in money, but in Terry Venables (the club manager) and the team. There is no right offer for Tottenham." Of the three football clubs that have gained stock exchange listings, only Millwall is still quoted and being traded. Its share price on the Unlisted Securities Market stood at 6p yesterday, compared with an offer price of 20p when it joined the market.

Tottenham's shares have been suspended at 91p since October pending its refinancing, while Edinburgh Hibernian, which only just survived a hostile bid from its Heart of Midlothian rival last summer, has retreated to matched-bid trading since the demise of the Edinburgh market.

Against this inauspicious background, Manchester United is planning an end-of-season flotation to help raise money for the £14m Old Trafford ground. And Tottenham is also expected to look to the City to help bail it out, perhaps via a rights issue.

Paul Bobroff, still a Tottenham director though ousted as non-executive chairman, said the 1988 flotation had saved the club from a 55m debt problem and broadened the shareholder base. He said it was important that Tottenham resolved its present problems because "if flotation is denied to clubs, it will cut off a major source of capital".

In particular, he drew attention to the cost of implementing the Taylor Report, which says that Division I and II grounds must be all-seater by 1994 and the rest by 1998.

Tottenham claims to be ahead of the pack following the redevelopment of its west and east stands. However, the building of the first tribune to the club's early 1980s debt and the doubling of the cost of the second has played a role in the current difficulties. A more contentious cause of debt - and trading losses - has been Tottenham's diversification into clothing. Losses from these activities had roughly halved a £2m operating profit on football. Millwall and Hibernian have also made unsuccessful forays into leisure activities, such as pubs.

Manchester United, on the other hand, says it will stick to what it knows. Yet this will leave it to grapple with the uneven pattern of profits that

the others' diversification was supposed to counter. United, in common with other clubs, makes a profit before the buying of players but transfer fees frequently send it into the red.

In the year to July 31 1990, for example, a transfer deficit of £5.2m pushed the club into a pre-tax loss of £3.1m. However, the 1990-91 forecast accompanying flotation will probably look more favourable, as United's footballing success will boost television fees.

To try to reduce the impact of transfers on the profit and loss account, United is considering following Tottenham's example of putting players on the balance sheet, which entails writing down their value (to an estimated residual level) over the contract period.

But the biggest area of unease for fans is the fear that the cultivation of profit will lead to the sale of star players. Glaxo Cooper, head of corporate finance at Henry Ansbacher, United's merchant bank, argued that the conflict was not as great as people feared. "The fans are the consumers and they have to be kept satisfied." He even suggested that as investment in players was part of a successful footballing business, a rights issue could be mounted for important transfers.

He also stressed that United already had several features of a quoted company in that it had 2,200 shareholders and tried to abide by stock exchange rules.

Yet the move would bring some changes. Martin Edwards, chairman, chief executive and holder of 51 per cent of the shares, would have both his role and his stake reduced. The plan was to bring in Roland Smith, chairman of British Aerospace, as a non-executive chairman.

This is perhaps a sign that football clubs will in future adopt a more professional approach to management. Another lesson from the Tottenham tale is that a much greater degree of openness is required from a quoted company. Among the most telling complaints at the annual meeting was that it had not properly broken down its results, so shareholders could not see what had gone wrong where.

But for all the increased demands, the cash-raising potential of the stock market presents an important opportunity for clubs to raise the large sums needed to bring their stadium up to Taylor standards.

Jane Fuller

## Property sector is still in the doldrums

PROPERTY IS commonly believed to be one of the most interest rate sensitive sectors of the economy. So a cut in interest rates should trigger a rise in property shares... right? Wrong. After Wednesday's half per cent interest rate cut, property shares sagged while the rest of the stock market rose.

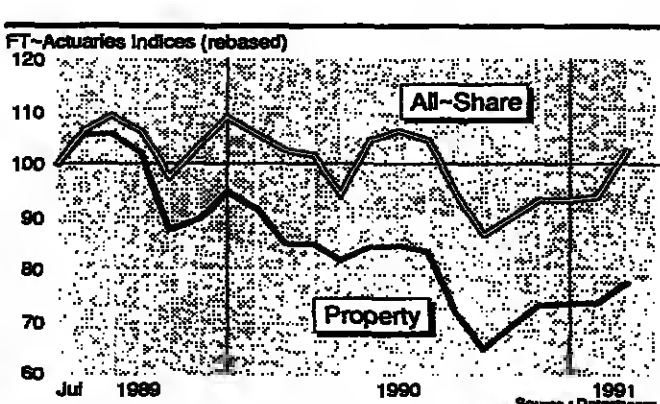
In part, this merely demonstrates the stock market's ability to discount future events. Having decided that an interest rate cut was on the cards, the property share sector was disinclined to be euphoric about the actual news.

More important, however, is the stock market's nervousness about the current season of company results. The setback to property shares on Wednesday was largely a response to Smith New Court's decision to cut its net asset value forecast for Land Securities, the largest UK property company. The broker's new estimate of 710p is 20 per cent down on last year's result.

As the forthcoming results will show, the property industry is in a terrible state. The

problems go back to the long period of expansion in the 80s when a large amount of new building was undertaken. In the City of London, which saw its biggest building programme ever, nearly a sixth of the property stands empty. Even without a recession, this oversupply would have a dire effect on rents. Some city rents have fallen from their peak by more than 20 per cent with a possibility of worse to come. That, in turn, has clouded the investment market. Who wants to buy property when there is limited prospect of rental growth?

Where the investment market has not dried up completely, potential purchasers are demanding unprecedentedly high yields (the ratio of income to capital value) before they will invest in property. Add to that the effect of the recession, which is aggravating the problem of mounting vacancies and lower rents, and it is no surprise that even the best companies' asset values are showing significant falls. The problems for the less established companies, which



lack solid investment income, are a lot worse. Some developers are being hit in all directions. They are having to pay sky-high interest charges, they are having difficulty filling their buildings even at a knock-down rent, and they are being forced to sell their buildings at a bargain price - if they can find a buyer.

Many developers are living at the mercy of their banks. This week's refinancing package of London & Metropolitan,

a developer which has seen its properties halve in value, is merely the latest example.

However, even this tale of seemingly unmitigated gloom could turn out to have a silver lining for investors. The property sector of the stock market, which has an ability to lead beyond the existing state of the property market, has been in the dumps for nearly two years. Now that the direct property market is in the doldrums, the stock market is

looking ahead to its recovery, admittedly a year or two away.

Lower interest rates promise to speed that recovery. The benefits are lower interest charges and a fillip to tenant demand, particularly in the retail sector, which should respond first to any improvement in consumer spending power. The belief that retail property will be the first to recover is commonplace - and reinforced by the boldness of counter-cyclical investors such as John Ritblat of British Land, who last week sunk a further £135m into Sainsbury supermarkets.

For all that, it is important not to get carried away. The impact of lower interest rates may be much less than commonly thought, in the view of brokers BZW.

The firm argues that for highly geared small companies the marginal cost of borrowing is much less important than the inability to refinance and the lack of activity in the investment market, which has crippled cash flow.

These factors are unlikely to be changed by the lower cost of

money. Regardless of the level of interest rates, banks will try to contract their lending to the sector, so there will be less money for investment. Moreover, the number of forced sales is likely to increase, putting more property on the market.

The brokers also argue that historically, there is no consistent relationship between base rate changes and the relative performance of the sector. They say, in a relationship between property yields and gilt yields, but the latter are not likely to come down, in their view.

BZW concedes that lower interest charges will give an immediate lift to corporate earnings. However, the firm points out that property companies are measured by their asset values and so should not be seen as an immediate beneficiary from cuts in interest rates. Overall, the conclusion is that the benefit of lower interest rates to property will be seen well after the impact on other sectors.

Vanessa Houlder



## FINANCE &amp; THE FAMILY

Philip Coggan and John Authers assess gains and losses for investors in the wake of UK base rate cuts and the end of the Gulf war

## Two cheers for mortgage cuts

MOST homeowners will probably give two cheers for the latest 0.5 per cent cut in base rates to 13 per cent.

The reduction finally brought some relief on the mortgage front. Base rates have now fallen by a full percentage point over the last two weeks, prompting some building societies and banks to lower their rates.

But most borrowers will not see the full benefit. Rates are being cut by just 0.75 per cent - in most cases from 14.5 per cent to 13.75 per cent - and some societies are delaying a cut for existing borrowers until April.

One society, however - Norwich & Peterborough - has announced a full 1 per cent cut to 13.5 per cent. But although the rate will apply to new borrowers immediately, existing borrowers will have to wait until April 29.

Many smaller building societies and banks seem to be waiting for what they will hope to be a further interest rate cut at the time of the UK budget on March 19.

There is also the question of those borrowers who have their rates reset annually. Many face their annual resetting in April - and could find themselves locked in at a high rate for another 12 months. Some 1.2m Halifax borrowers have been told that their rate will be set at 14.5 per cent, although this may be adjusted if base rates fall substantially.

The table shows the reduction in monthly payments you should receive if your lender is one of those which is cutting rates by 0.75 per cent.

Major lenders which have announced changes (all figures in per cent) include: Abbey National which is reducing rates for existing borrowers from March 18: from 13.65 to 12.9 on a £100,000 plus mortgage; from 13.95 to 13.1 on a £50,000 to £100,000 loan; and from 14.65 to 13.85 on loans under £50,000. First time buyers can get an immediate discount of 1.25 per cent.

Alliance & Leicester will make a cut of at least 0.75 to 13.75 but has not decided when. Barclays Bank is cutting its rate by 0.75 for new borrowers as from March 1 and for exist-

## LIKELY MONTHLY SAVINGS

Loan size (£'000)	Endowment	Savings (£)
20	9.38	
40	20.30	
60	32.80	
80	45.30	
100	57.80	
Repayment		
20	8.05	
40	18.18	
60	29.64	
80	41.08	
100	52.52	

Assuming fall from 14.5% to 13.75%. Source: Halifax, 25

ing borrowers from April 1. The former will pay 13.75 and the latter 14. First time buyers and those with new mortgages of over £75,000 will pay 12.75. Cheltenham & Gloucester is cutting the rate for existing borrowers by 0.75 to 13.75 as from April 1. New borrowers will pay 12.75 as from March 5, for the first year, if their loan is no more than 80 per cent of the house value. Others will pay 13.75.

Halifax says that existing borrowers, not on the annual plan, will see a cut of at least 0.75 to 13.75 as from April 1.

Leeds is cutting the rate for new borrowers by 0.75 to 13.75. Existing borrowers will receive a cut of "at least" the same amount from April 1.

Lloyds Bank "expects" to reduce the rate by 0.75 - from 14.8 - for all customers as from April 1. Midland Bank is cutting rates from 14.7 to 13.95; for new borrowers on March 4, existing borrowers on April 1.

National Westminster Bank is cutting its rate from 14.5 to 13.75 for new borrowers as from March 5 and for existing borrowers as from April 1.

Nationwide Anglia is cutting rates from 14.5 to 13.9 for loans over £120,000; loans of £60,000 to £120,000 are cut by 1.1 to 13.4; and a 0.6 cut to 13.9 on loans below £60,000. Rates will not change until April 16 for existing borrowers.

Woolwich is reducing the rate to 13.75 from 14.5 for existing borrowers from April 1 and for new borrowers immediately. Those who take out an endowment or pension mortgage over £50,000 will pay 13 and first time buyers 12.5.



## Lock in now for highest gains

INTEREST RATES are on their way down, but savers can still lock into them. You will need to act quickly, but beware of financial salesmen using falling base rates for a "Bury while stocks last" ploy.

The trend is most clear in banks, where several big players have already cut rates for savers but left the rates on Tax-Exempt Special Saver Accounts (Tessas) untouched.

Building societies' rates, including Tessas, are likely to fall next week, probably by about 0.75 per cent.

NatWest and Lloyds have already cut deposit account rates, but left Tessas unchanged. NatWest, for example, left its Tessa at 14.75 per cent, while the deposit account rate fell from 4.55 per cent to 3.66 per cent (all rates quoted are gross).

The highest rate on offer from NatWest is now 13.37 per cent (down from 13.92 per cent) for sums of more than £25,000, via the Crown Reserve Account.

Building societies' Tessas rates have tended to be higher, so far. Competition is keeping banks' rates high, but building societies such as Nationwide Anglia, which is now offering

Tessa interest rates 2 per cent above base rates, will have difficulty maintaining the rates.

A cut in building society rates is made more likely by the fact that most of them resisted a cut after the mid-February drop in base rates. They are now effectively faced with a 1 per cent cut.

Most are waiting for a lead from Halifax, the largest building society, which does not anticipate a move within the next week. Anticipated further cuts have made societies' calculations more awkward, but Tessa rate cuts will probably be as small as the societies can afford.

The trend is downwards for guaranteed income funds, offered by life assurance offices. These are a very conservative investment - you cannot touch your money for up to five years but you receive a guaranteed sum at the end.

Colin Jackson, of Baronworth Investment Services, said the best rates were unchanged but other companies had cut their rates. Further cuts are likely before the budget.

At present the best rates for investments of £1,000 are 9.2 per cent over one year, offered by General Portfolio, 9.25 per cent over two years, from Canterbury Life, and 9 per cent over five, from Cornhill.

There are other, more complex ways to lock in.

Cuts are a standard escape route when interest rates start to decline. Their interest rates (coupons) are fixed, but gilt prices tend to increase in response to base rate cuts. Index-linked gilts are particularly attractive for security.

Some advisers prefer the yields on offer from international bonds. Hambros currently rates UK bonds sixth out of the eight major fixed interest markets, with the Netherlands, Germany and France in the first three places. Mercury, Barings, Newton and Fidelity have all launched unit trusts to invest in them this year, attracted in particular by the higher yields available on the Continent.

However, Peter Smith, of Hill Martin, hanks at the high charges being asked by trusts, usually of around 6 per cent of the value of the investment. He suggests buying bonds via

European institutions. Alan Forewell of Torrelli Mahan Granville says that managers are down-playing currency risks, even after the full entry of the UK into the European Monetary System.

Zero dividend shares in investment trusts give high returns. They are one class of share in a split level investment trust and pay no dividends but ensure a certain amount of capital gain over a fixed period. They are not guaranteed, but they come close. James Higgins, of Chamberlain De Broe, backs them enthusiastically as they are taxed only for capital gains, making them a good bet for anyone whose gains are within the £5,000 CGT threshold.

A fixed interest rate Tessa is beginning to look more attractive - you get the tax exemption and a guaranteed competitive rate of interest. Popular products come from the Allied Bank of Ireland and from Robert Fleming & Co.

Prosper, which Smith particularly likes because it has the option of converting to flexible interest rates after a year.

John Authers

## Peace is already in the price

PEACE IN the Middle East may be an occasion for general rejoicing but it is not necessarily a sign that share prices are set to rise substantially.

In part this is because of the White Queen syndrome, named after the Lewis Carroll character who screamed before she pricked her finger and then was barely affected by the event itself.

Just as the stock markets were depressed before the Gulf war - but rose when hostilities began - so they have been surging in anticipation of a Coalition victory. The FT-SE 100 has risen 300 points from its January lows. Peace has therefore been in the price for some time.

The UK market is only around 3 per cent off its all-time high which suggests that traders are pretty confident that the UK economy will recover quickly from the recession. But in spite of this week's base rate cut, there may be further shocks to come as companies are hit by the economic downturn and the still high cost of borrowing.

"We have seen a cash stampede", according to Bill Smith of Barclays de Zoete Wedd, "as institutions have realised that the return on cash is going to fall this year. The results season has so far been disappointing rather than disastrous and there has been an improvement in market mood."

But Smith cautions that this year "there will probably be rights issues and gilt issues to soak up institutional cash. The UK market has moved from being cheap to being on middle ground." Nils Taube of Bish-opsate, one of the most successful managers in the unit trust industry, says that peace is probably "more bullish for world economies than world markets."

Taube fears that if the American consumer starts buying again, then interest rates, which have pushed the stock markets forward, may not be able to fall much further. Bond markets have already slipped over the last few days, he points out. Taube thinks the UK market is probably due for a fall but believes there is some value in Swiss equities and that the US dollar has

scope to rise.

The Japanese stock market was one of the big casualties of last year. The recent rally has been led by the *gafu* - or foreign - investors buying stock. After the Nikkei's spectacular decline last year, many of the foreign institutions, thought Japanese shares looked cheap and they were under pressure to increase their exposure to overseas markets.

The rally means that unit trusts investing in Japan are likely to show a strong performance for February. The Nikkei index has risen from its low of 20,221 last October, (when some fund managers held a high proportion of cash) to around 28,000 in the last couple of weeks.

Ed Merner, Schroder's investment adviser based in Tokyo, says he is "relatively optimistic" about the stock market this year and expects it to rise further. Merner is adviser to Schroder's Tokyo, fund, Japanese Smaller Companies fund and Japan fund, which have consistently ranked among the top-performing Japanese unit trusts.

Marshall Auerbach, who manages GT's Japan & General fund, says he adopted the policy "buy on war, sell on peace." He bought mainly blue chips for his funds, however, he warns that the market probably still has to discount the likelihood of lower corporate earnings this year and next. (Some analysts believe Japanese corporate earnings could fall by between 5-10 per cent in 1990/91 and 1991/92).

Auerbach believes the market could still lose a couple of thousand points due to lower corporate earnings, falling to 23,000-24,000 before rising again.

Foreign fund managers and brokers are more pessimistic about the market than the Japanese securities houses. Nikko, one of the big four brokers, thinks the index will rise to 31,000 by the end of June and to 33,000 by the end of the year.

But even among the optimists, no-one can imagine the Nikkei returning to its end-of-1989 high of 39,915 for a considerable length of time.

## SUN LIFE BESRES VI SCHEME

## 3 INVESTMENT AREAS - 1 FUND

Sun Life BESRES VI offers a choice of three investment areas and a BES Fund. There are two application deadlines: 1 p.m. on 5 April 1991 for Besres Campus, Development and Phoenix; and 5 p.m. on 28 March 1991 for the Besres VI Fund.

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The Phoenix Companies will invest in residential properties, seeking bulk discounts (from current market valuations) from embattled owners and the weak housing market cycle. The Companies also seek to maximise exposure to the housing market's recovery and to obtain 10% rental yields. Development profit will also be sought.

The Development Company will specialise by acquiring and redeveloping a site. Besres Development Two plc aims to build luxury flats for Toyota employees in Derby. In order to benefit from development profit, above normal assured rental yields of 25% (from Toyota tenants) and expects to benefit from higher house prices in Derby resulting from the influx of new employees that the new car plant will create.

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- to package and offer the advisory and administrative services of the Sun Life Group to cut down costs to investors.



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## NOTES

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- The Investment Management Regulatory Organisation (IMRO) regulates the conduct of the investment business of SLIMS outlined in this advertisement.
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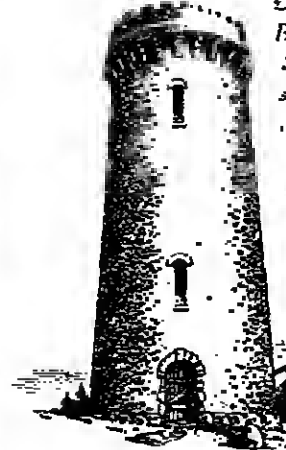
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## FINANCE &amp; THE FAMILY

John Authers investigates controversial, but popular, marketing ploys  
**BES 'guarantees' come under fire**

"GUARANTEED" or "assured" growth issues have proved the hit of the 1991 BES season. They are also the most controversial offerings of the year. The products are untried but attractive. Claims and counter-claims have been intensified by the fall-out after Chancery, an innovator of the concept, went into administration last week.

Its scheme, much supported by BES advisers because it was backed by The Mortgage Corporation, was withdrawn last Friday, as Chancery's image had been tarnished. On Wednesday, Smith & Williamson, the private bank, announced that it was to sponsor the issue, on better terms than Chancery had offered.

Yesterday the offer was pulled again. The Mortgage Corporation did so because it thought the political risk of the budget outweighing the schemes was too great. There was also little time to start the scheme which was to buy re-possessed

homes to convert them into assured tenancies. This episode may have done irreparable damage to possibly the most ingenious idea yet to emerge from the BES industry. "Guaranteed" schemes work by buying property and converting it into assured tenancies, typically providing student accommodation or housing for large employers. The "guarantee" comes from a covenant to sell the accommodation, usually to a housing association, or possibly a university or pension fund, for a fixed price at the end of the five-year tenancy period. The result is all the tax advantages of other BES schemes, with much less risk. Annual growth rates approaching 20 per cent were offered. The product, investing in property and offering a high-level of tax-free interest after five years, works almost like a "Tessa", but with extra relief for top-rate taxpayers.

Charles Fry, chairman of Johnson Fry Corporate Finance, believes new BES investors can be found this way, and the marketing for his company's latest scheme compares its yield of 17.35 per cent with Tessa rates. Schemes are under attack because they run against the spirit of the legislation, which said the primary purpose of a BES company cannot be to shelter against tax. BES relief is intended for companies aiming for a profit - this does not obviously include housing associations or universities. The Inland Revenue does not like tax breaks for risk-free investments, so these schemes probably have a limited future. Imro, the regulatory body, dealt the schemes another blow by attacking the use of the word "guarantee". A legally enforced agreement from a third party to meet the sum "guaranteed" is needed before the word can be used,

according to Imro. Companies which had already used the word have to write to all those who expressed an interest explaining this, and must offer to refund money to investors who may have been misled. Some advisers complain that guarantees cut both ways. The growth guaranteed, typically of around 50 per cent after five years, would significantly under-perform the typical rise in property prices following a slump. A few schemes offer to share some of the profits made in excess of the amount guaranteed, but others do not. Guarantees are only as strong as the guarantor. In the unlikely event of a worsening recession over the next five years, things might get tricky. Universities are largely reliant on government grants, while housing associations depend on the Housing Corporation for capital spending, which over-spent by £120m in the last financial year.

The following are some of the schemes on offer. Cambridge College, sponsored by Capital Ventures, will invest in student accommodation, as will East Anglian University Properties, sponsored by Hodgson Martin. Each is "guaranteed" by the relevant university. Goldborough Assured Properties, sponsored by Johnson Fry, has a "guarantee" company, as "guarantor". Guaranteed Investment Property from Raphael Zorn Hemley is "guaranteed" by Raine Industries and Midland Bank. Johnson Fry Guaranteed Super Growth Scheme is backed by the University of Surrey, King's College, London and a local housing trust. Patriot Assured Tenancies, sponsored by Williams DeBore, is "guaranteed" by the Royal British Legion Housing Association. Quality Guaranteed, sponsored by Hodgson Martin, is "guaranteed" by Quality Street.

**The best interest rates**

FROM THIS week, Finance & the Family is expanding the information it gives readers on the best rates they can get for their money from the largest banks and building societies. The table below has been provided by Moneyfacts of Stalham near Norwich. Readers can obtain a free copy of the Moneyfacts guide by calling 0692-52808.

The first section - Investment Accounts and Bonds - shows gross (before tax) rates offered on accounts for minimum balances ranging from £1 to £25,000 and for instant access and 90 day notice.

does not take account of honours. Further sections show the best rates, for a variety of investments, on high interest checking and offshore accounts. The offshore table includes a Bradford & Bingley account, which pays interest only on maturity (OM).

Guaranteed income bonds pay a fixed rate for a fixed time. The rates shown are net of basic rate tax. National Savings offer a variety of accounts and certificates, some tax-free if held for five years. Two caveats should be noted. First, this week's half point cut in base rates has not yet been reflected in savings rates, so the better rates may not be available for long. And

further cuts may follow. The second is inflation. It is difficult to give useful figures for the real (minus inflation) return on accounts. The most recent RPI figures showed a rate of 9 per cent which, if subtracted from the post-tax rates displayed below would in many cases offer a poor return.

However, what really matters is the rate of inflation over the next 12 months. Most forecasters are looking for a figure of around 5 per cent over that period, which makes the real returns look more attractive.

Philip Coggan

**THE BEST RATES FOR YOUR MONEY**

Account	Telephone	Notice/term	Minimum deposit	Rate	Int. paid
<b>INVESTMENT A/Cs and BONDS (Gross)</b>					
Southdown BS	Supersaver	0273 471871	Instant	£1 13.00%	Y/y
Portman BS	Instant Access	0202 222444	Instant	£500 13.15%	Y/y
Chelsea BS	Tax Saver +	0242 521391	90 Day	£500 14.00%	Y/y
Cheltenham & Gloucester	London Share	0482 372372	Instant	£2,500 14.70%	Y/y
Alliance & Leicester BS	Bond	0533 717272	2 Year	£10,000 15.67%	Y/y
Bristol & West BS	Bond	0272 224271	31.12.51	£25,000 16.00%	Y/y
<b>TESSAs (Tax Free)</b>					
Cambridge BS		0223 315440	5 Year	£1 15.00%	Y/y
Scitron BS		0756 700500	5 Year	£100 15.25%	Y/y
Nationwide BS		071 245 8822	5 Year	£3,000 15.15%	Y/y
National Counties		0372 742211	5 Year	£3,000 15.40%	Y/y
<b>HIGH INTEREST CHEQUE A/Cs (Gross)</b>					
Caledonian Bank	HICA Classic	031 556 8235	Instant	£1 12.50%	Y/y
Chelsea BS		0242 521391	Instant	£2,500 13.80%	Y/y
				£10,000 14.40%	Y/y
UDT	Capital Plus	0734 580411	Instant	£1,000 12.50%	O/y
<b>OFFSHORE ACCOUNTS (Gross)</b>					
Portman CI Ltd	Channel Isles	0481 822747	Instant	£500 14.35%	Y/y
Alliance & Leicester	Maximum 90 Day	0242 633588	90 Day	£25,000 15.25%	Y/y
Bradford & Bingley	Maximiser Bond	0224 622583	31.3.92	£5,000 15.33%	OM
				£25,000 15.67%	OM
<b>GUARANTEED INCOME BONDS (Net)</b>					
Centenary Life (F)		0227 457375	1 Year	£10,000 10.00%	Y/y
Liberty Life (F)		081 440 5210	3 Year	£25,000 9.70%	Y/y
Aetna (F)		0800 010 575	5 Year	£25,000 9.75%	Y/y
<b>NAT SAVINGS A/Cs &amp; BONDS (Gross)</b>					
	Investment A/Cs	Post Office	1 Month	£5 12.75%	Y/y
	Income Bonds	Post Office	3 Month	£2,000 13.50%	Y/y
	Capital Bonds (F)	Post Office	5 Year	£100 15.00%	OM
<b>NAT SAVINGS CERTIFICATES (Tax Free)</b>					
	35th Issue (F)	Post Office	5 Year	£25 8.50%	OM
	5th Index Linked	Post Office	5 Year	£25 4.50% + Infn	OM

All rates (except Guaranteed Income Bonds) are shown Gross. (F) = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. Source: Moneyfacts, The Monthly Guide to Investment and Mortgage Rates, Walsingham House, Stalham, Norfolk.

**Schemes on the market**

THE traditional pre-Budget rush is occurring in the Business Expansion Scheme sector with companies fighting to attract investors looking for an end of financial year tax shelter.

Changes to the scheme in the Budget of 1988 have meant that its name has become completely incongruous. Most schemes are nothing to do with helping business to expand but with promoting the rented property sector.

As John Authers' article discusses above, one of the most recent marketing ploys - the "guaranteed" growth scheme - has been under attack. The demise of Chancery has caused the sector further problems but there are still plenty of offers available.

Active West is an un-sponsored assured tenancy scheme investing in West Country property. Always Homes V is not the latest assured tenancy scheme but there are still plenty of offers available.

sagas but the most recent in a series of schemes designed to buy property for the use of airport personnel. It claims to be the first BES issue to gain Inland Revenue approval for a shared ownership scheme. This will allow tenants immediately to buy 25 per cent of the value of their homes; the plan would be to sell the tenant a further 25 per cent in year five and the remainder in later years. The aim is to give investors a simple exit route. Beches Two is a residential property developer, sponsored by the Cheltenham-based Capital Ventures. It follows a similar scheme, Beches Homes, which had the same sponsor and developer, the Harper Group. Shareholders recently offered £4.60 per share for their

holdings, compared with the original price of £2. Capital Living II is an assured tenancy scheme investing within the M25. Taylor Woodrow will supervise the acquisition and disposal of property in a scheme sponsored by a London-based National Leasing & Finance. Cavendish Waters Third Assured is another assured tenancy scheme based in the south-east. Properties will be designed and built by the Waters Building Group and the sponsor is the London-based Smith & Williamson. Letting properties to students is one of the current BES fashions and CLASS - Central London Accommodation Services for Students - has been set up to buy flats for use by language students in Westminster, Kensington and Chelsea.

The scheme is sponsored by the London-based broker Williams DeBore. Inspector Morse, faced with a pub labelled Fine Inns of Distinction, would immediately suspect a tourist trap with horse brasses on the wall and weak beer. However, London-based sponsor Johnson Fry plans a series of companies under this label which will buy hotels at distressed prices to be managed by Resort Hotels. Target hotels will be located "for easy access to both commercial and tourist markets." Pathfinder Properties is a Johnson Fry sponsored assured tenancy scheme. It follows the formula, and has the same managing director, City Gate Estates, a previous BES company which enjoyed a

share price increase from £1 to £2.50. Another issue from Johnson Fry is Predator Plus which will borrow heavily to buy residential property at distressed prices. Residential Recoveries is another Capital Ventures scheme which seeks to buy properties from distressed developers. String of Pearls, sponsored by Neil Clerk, is a distant relative of the "guaranteed" schemes, but with a more exotic product. It will invest in low-budget British films, which have been pre-sold to television companies and distributors. This limits the risk compared with most trading companies, but conservative BES investors may not be attracted by the films with such lurid titles as Vendetta and Midnight Fear. Finally, Telford Starters, also from Capital Ventures, will, as its name suggests, buy starter homes in Telford.

Philip Coggan

**A lavender tax-saver**

A LITTLE brightness has been shown into the recessionary gloom with the publication by the Inland Revenue of the third in its series of booklets showing taxpayers how the law can sometimes be adjusted or even completely disregarded, for their benefit.

Entitled "Extra-statutory concessions", the lavender-covered booklet No 1 (1988) and its two supplements contain an assortment of tax-reducing remedies covering groups ranging from market gardeners and mortgage borrowers to competitive religious revivalists.

The Revenue's explanation of these detours of the tax law authorised, by ministers, though not by Parliament, is

that they correct minor or transitory anomalies or relieve hardship in cases where it would be too complex or time-consuming to change legislation. This is a claim that cannot be verified, as not all concessions are published. Again on ministerial authority, only favoured treatment negotiated by special interest groups can be kept under wraps.

In practice, the concessions widen the powers of tax inspectors, who are free to apply the letter of the law - still in force - or vary it. Taxpayers cannot demand a concession and have no right of appeal if an inspector refuses one.

Another obstacle is Revenue preparedness to argue fine points, as signalled in a note common to the three booklets: "it must be borne in mind that in a particular case there may be special circumstances which will require to be taken into account in considering the application of the concession."

This remark might seem superfluous given the highly specific nature of some of the concessions. One gives members of the Royal Ulster Constabulary who die from injuries caused in Northern Ireland by terrorist activity the same relief from inheritance tax as members of the armed forces. Another exempts widow's pensions from tax for Singaporean widows living in Britain if their late husbands were UK nationals employed by the Singapore government.

But most concessions could apply rather more widely. Frustrated commuters might profit from number A58, which covers people whose employers refund extra travel expenses or hotel costs when public transport is dislocated. Provided the amount involved is "reasonable", it is not counted as a taxable benefit and need not be declared. However, the concession refers explicitly to dislocation "by strikes or other industrial action", so the other varieties of disruption recently on offer are not covered.

Unlike the law, concessions can vary substantially between regions. An example is number A19, dealing with arrears of tax arising through official error. The Revenue notes that this concession has been updated to reflect increased scale limits and the introduction of independent taxation. But a comparison with the previous version shows that three other changes have also appeared. "In certain circumstances arrears of tax are wholly or partly waived if they have arisen through the failure of the Department to make proper and timely use of information supplied by the taxpayer about his income and personal circumstances so that he would reasonably believe that his affairs were in order," says the new text with slightly more insistence than the earlier wording which read "... could reasonably believe."

A warning has been added

that both the "reasonable belief" and "failure to make use of information" conditions must be met. Inspectors can waive the full amount of tax owed by full taxpayers with a gross income of £12,000 or less (£15,300 for over 65s). The scale then slides, with only one-tenth of the tax waived for people with income of between £22,000 and £32,000. Arrears have to be paid in full once income reaches £32,001 (£35,301 for the older group). Under independent taxation, the limits apply to each individual instead of a married couple, as in the past.

But the Revenue has quietly removed the possibility of some further leniency. As previously worded, the concession gives inspectors discretion to allow relief if the taxpayer's income only marginally exceeds the limits and he has large or exceptional family responsibilities. A previous alternative of allowing relief "if the taxpayer's investment income does not represent readily realisable capital (eg. an annuity)," has vanished.

Concessions published in the intervals between booklets appear in Revenue press releases, available from the Public Enquiry Room at the Somerset House.

The latest of these relaxes the capital gains tax rules for

employees who sell their homes to relocation companies for the current market value, plus a share of any profit the companies make when they eventually sell. Under present law, the later profit is a separate asset liable to capital gains tax. The concession makes it exempt to the same extent as the home itself. However, it can be fiscal suicide to build concession too obviously into tax planning. "A concession will not be given in any case where an attempt is made to use it for tax avoidance," warns the Revenue prominently in each booklet.

This warning was invoked by the Revenue in 1987 when a taxpayer sought judicial review of an inspector's decision to refuse a concession. The taxpayer's wife had been thinking of selling a farm she owned but instead transferred it to him as a gift on the day he left the country to live in Germany. No capital gains tax was payable on this transfer from wife to husband and when the man sold the farm a few weeks later, he tried to escape CGT once more under the concession exempting gains on sales made in the past of a tax year after a taxpayer has become resident abroad. But he had to pay the tax.

Barbara Ellis

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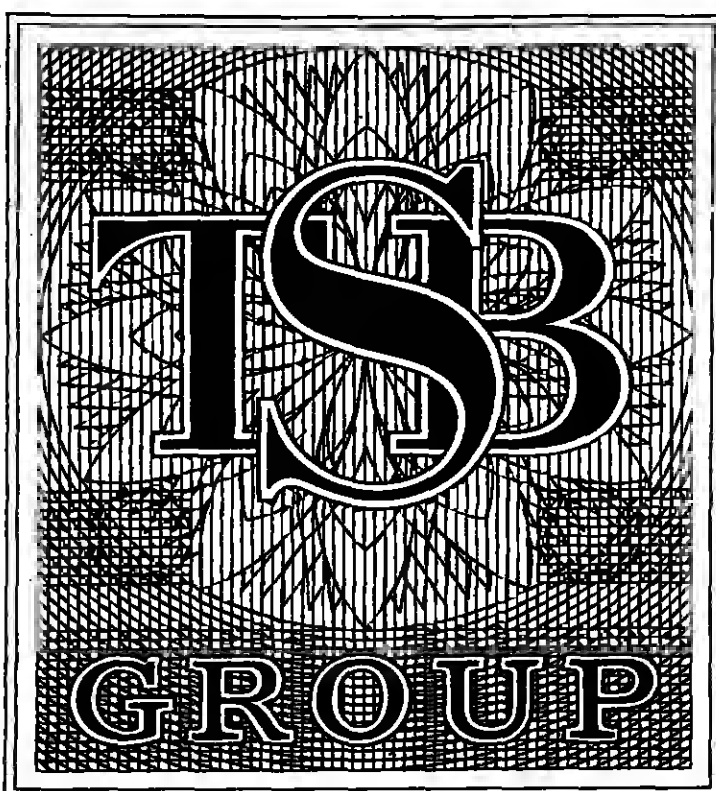
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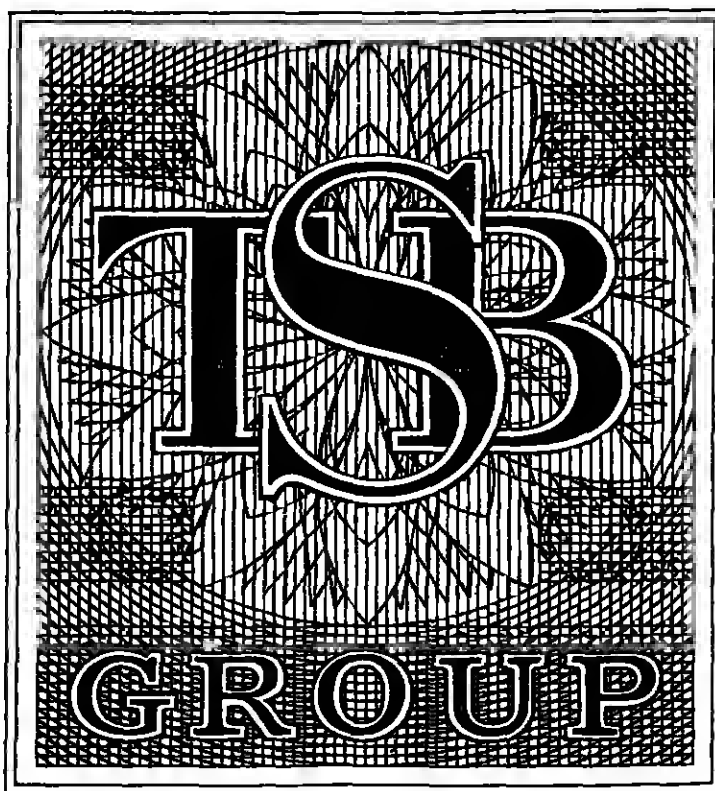
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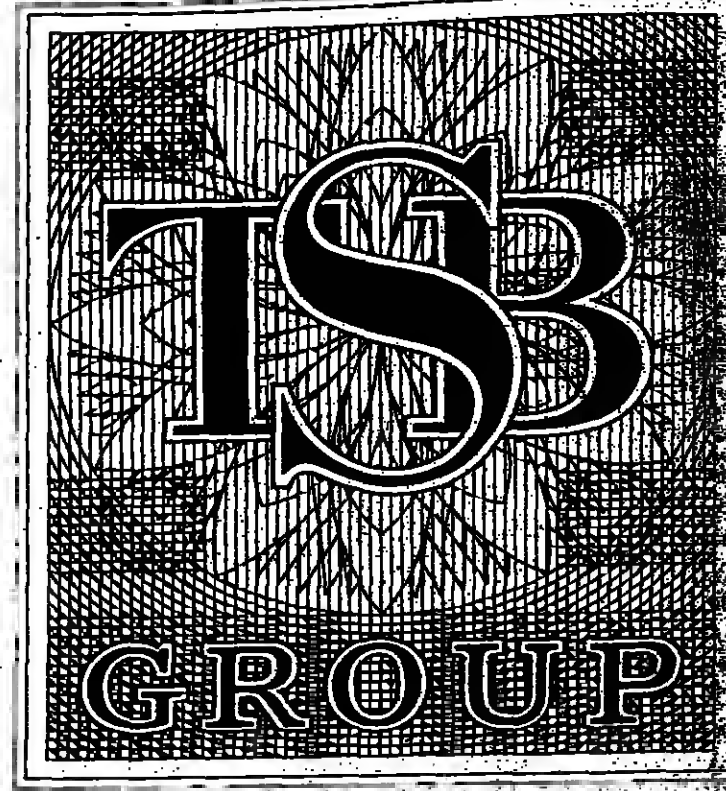




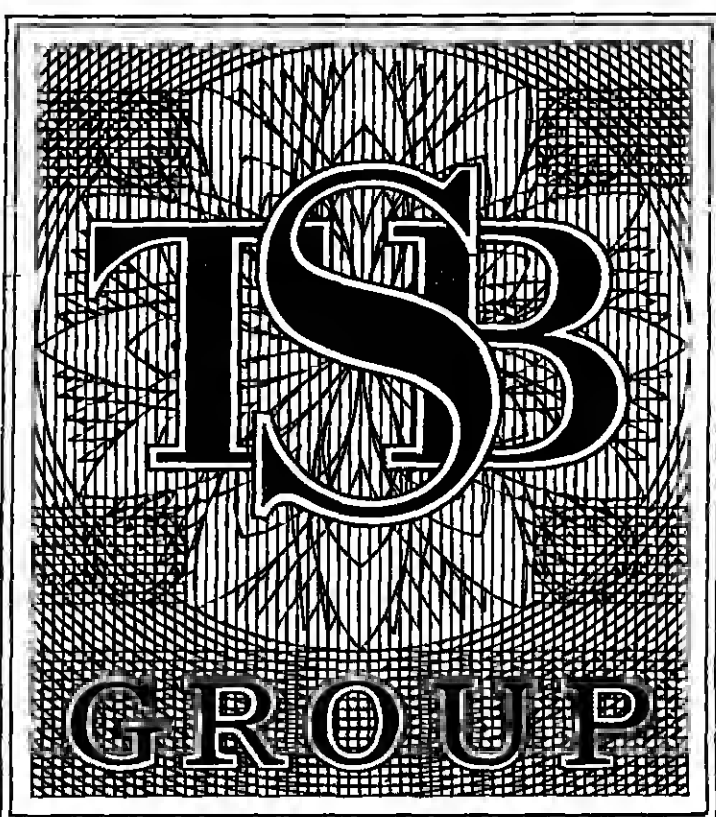
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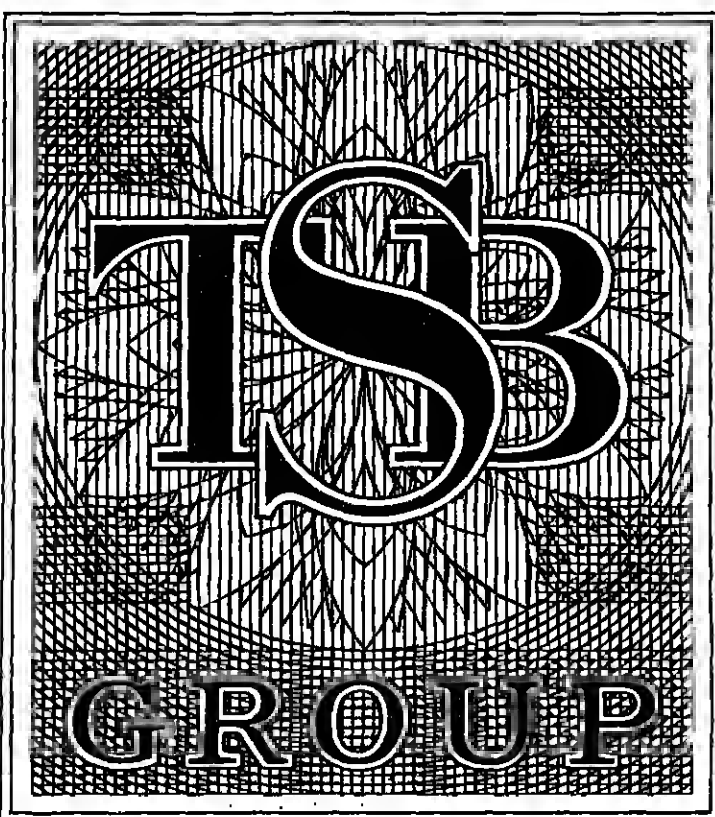
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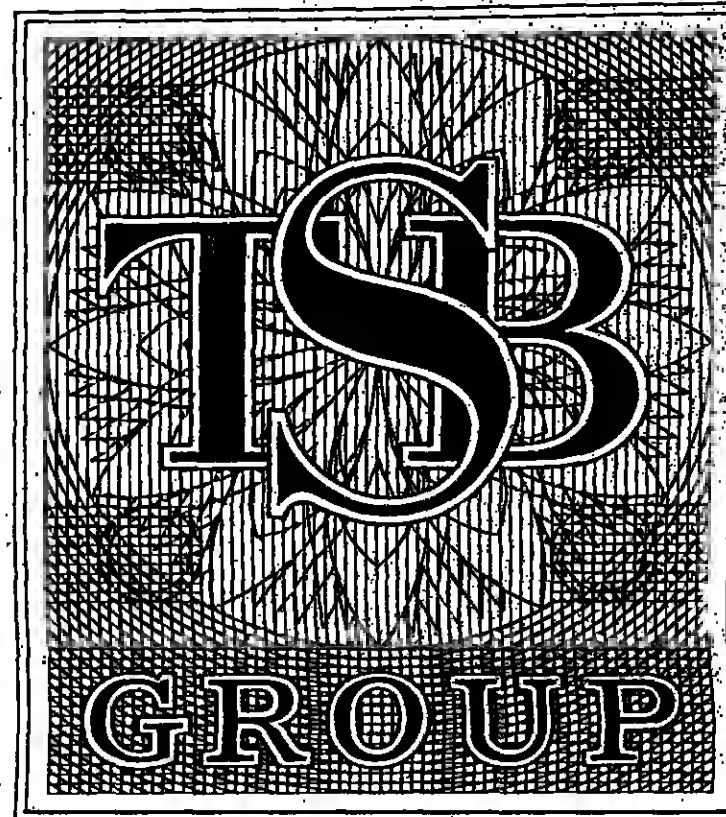
Last year we undertook a major reorganisation of our retail banking business.



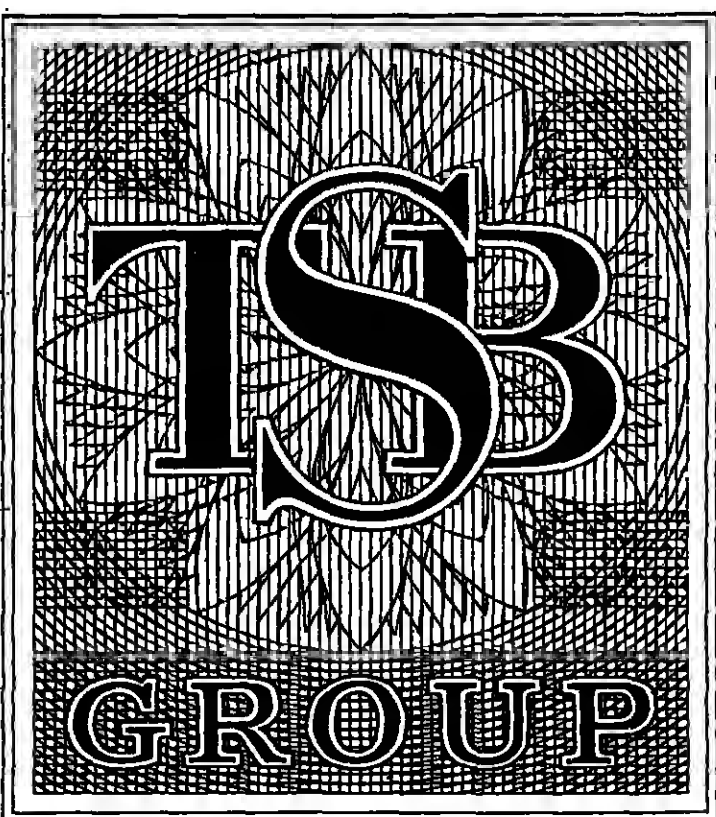
As a result, retail banking profits were up 40% last year. Income rose by 18% but costs were only up 5%.



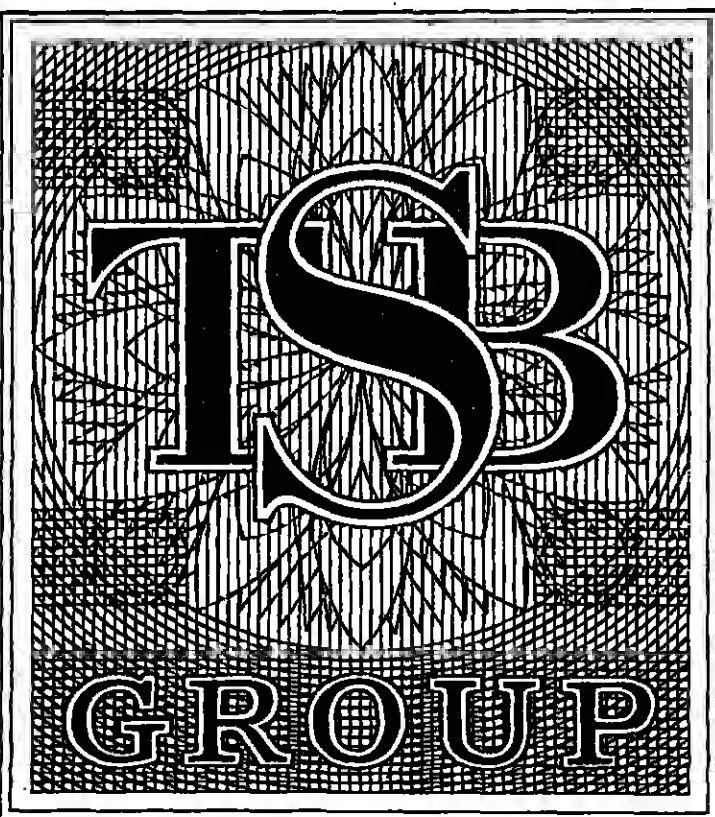
Profits from insurance and investment services also rose, by 33%.



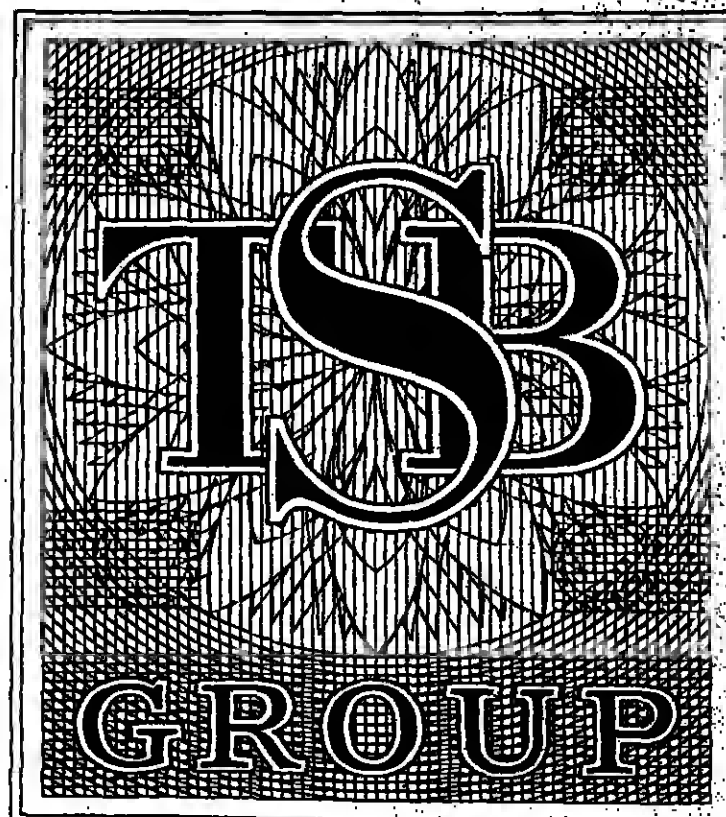
Like other banks, we were hit by provisions against bad and doubtful debts as a result of the recession, and this held back total profits.



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## Eric Short and Philip Coggan on a new twist to investment trusts Saints to charge commission

INVESTMENT trusts made a further play for the independent intermediary market this week with the announcement that Scottish American Investment Company (Saints) would pay 3 per cent commission on lump sum investments into the trust.

However, the scheme raises many difficult issues about the nature of so-called "independent" financial advice and of investment trusts.

Even investors who do not use financial advisers will have to pay the commission under the Saints scheme. Otherwise financial advisers, who are required to give "best advice", would be forced to admit that investors would be better off buying the shares directly.

However, this problem has not been entirely avoided. Private investors might still save money by buying the trust's shares through a stockbroker. Discount brokers can charge as little as 1.25 per cent for a sale or purchase.

Admittedly there is only a small £10 administrative charge for selling via the Saints scheme but a discount broker would still be cheaper. And in some circumstances even a conventional broker

who charges 1.65 per cent would save the client money.

Given this, how would a financial adviser be giving "best advice" if he told a client to buy the shares through the scheme?

There are further difficulties. Surely "best advice" would suggest that the client buys another investment trust and avoids commission. Saints may be a perfectly good trust but it would be a bold man who could claim that Saints was certain to outperform, say, Foreign & Colonial, especially with a built-in 3 per cent disadvantage.

It is a fair point that advisers already face this conflict when choosing to recommend a unit trust which pays commission over an investment trust which does not. But at least an adviser could respectably argue that unit trusts have characteristics — ease of access, asset value pricing — that make them a different proposition from investment trusts.

There appears to be a huge gap in the regulatory system regarding the treatment of investment trusts.

The Financial Services Act classifies investment trust

shares as equities in the same manner as ICI shares, not as packaged investments such as unit trusts. As such there is no statutory cooling-off period.

This means that the investor cannot change his mind and get his money back without penalty, as with unit trusts.

It also means that the investor does not receive notification from the investment trust group as to the amount of commission paid to the adviser. With unit trust investment, the investor is informed on commission payments by the unit trust management group.

In addition there is no comparable "Buyers' Guide" which tells the investor of his rights, how the adviser is remunerated and which reminds the investor to seek full details of the product before investing. The investor will receive a contract note setting out the commission charged by the stockbroker handling the purchase.

Saints is leaving it to the adviser to inform his or her client that a commission is being paid. And under the Core Rules of Fimbra (Financial Intermediaries, Managers and Brokers Regulatory Association) the adviser has a

duty to inform his client that he would be receiving commission, but not the amount.

All one can do at this stage is to alert investors to get a full explanation from the adviser if he recommends the Saints trust.

The situation will be made more confusing in a few days when the Securities and Investments Board reveals its proposals for regulating regular savings investment trust schemes.

It is widely expected that these schemes will be treated on a par with unit trust and life assurance savings schemes, that is as packaged investments, rather than as shares.

Saints say that in an ideal world advisers would be paid fees and that these problems would not arise. But in the real world, investment trusts are being ignored by advisers and Saints feels it has to respond.

It will be strange if investment trust savings schemes, designed as a cheap way for investors to buy shares, become an expensive option. And it is sad that trusts are losing their long standing tradition of low charges.

### DIRECTORS' TRANSACTIONS

TWO substantial transactions dominate this week's list — the sale of the Weisfelds' family holding in Amber Day for 68p, and the acquisition of the Oyston stake in Capital Radio by David Manktelow through his investment company, Dominant.

The Weisfelds were vendors of the What Everyone Wants Group to Amber Day in June 1990 but their stake was placed with institutions after disagreement over how the company should be managed. The Amber Day Board forecast a substantial rise in interim profits to coincide with the sale.

The shares of Harrison Industries, best known for its garage door manufacturing

business, have performed badly over the last three years, although the profits have held up relatively well. The executive directors have all taken advantage of the weakness in the price to add to their holdings.

John Ritblat of British Land took up 2.5 per cent of the convertible capital bonds issued to finance the purchase and lease-back of supermarkets with Sainsbury at a personal cost of £2m. The sale of stock in Benson Group is a continuation of the trend seen over the last year, with the original executive team selling, and the new directors buying.

Angus MacDonald, Director Ltd.

### DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Shares	Value	No of directors
<b>SALES</b>			
Allied Textile Co.....	5,100	17	1
Amber Day Holdings.....	15,656,566	10,646	2
Benson Group.....	2,600,000	260	2
Budgens.....	30,000	14	1
Courtaulds.....	60,000	221	2
Dea Ties & Chinnocks.....	500,000	400	1
Elita & Everard.....	250,000	482	1
EMAP.....	61,000	134	1
Farnell Electronics.....	10,000	18	1
Graham Wood.....	35,000	28	1
Huntingdon Int'l.....	35,679	97	1
Leslie Wise Group.....	150,000	105	1
Pilkington.....	184,788	341	2
Reed International.....	90,000	357	1
Richmond Oil & Gas.....	16,000	10	1
Sainsbury (J).....	56,212	191	2
Securitor "A".....	14,300	63	1
Stanhope Properties.....	100,000	88	1
Visteo.....	200,000	22	1
Warburg (SQ).....	33,558	134	1
<b>PURCHASES</b>			
Anglo United CRP's.....	27,000	13	1
Blines Industries.....	10,000	41	1
British Land.....	2,000,000	2,000	1
Capital Radio.....	3,089,444	5,252	1
Downleaves Holdings.....	150,000	45	1
Ewart.....	45,000	28	2
Fairway (London).....	40,000	18	2
Gleeson Group.....	4,000	25	1
Harrison Industries.....	49,000	24	6
Jarvis.....	17,500	12	1
Kleinwort O'seas IT.....	7,500	11	1
Martin Currie Euro.....	18,000	15	1
Tyndall Holdings.....	110,000	38	1
Warburg SG Corp Del.....	7,000	12	1
Warner Estates.....	14,000	27	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (\*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 16-22 February 1991.

Source: Directus Ltd, Edinburgh

## Compensation dispute is blow to investors

SOME 40 investors who had their money in four investment firms which failed may not receive any of the £270,000 compensation due to them under the Investors Compensation Scheme.

These unfortunate investors are caught in the middle of a dispute between the Securities and Investments Board (SIB), the overall financial services regulatory body, and the Financial Intermediaries, Managers and Brokers Regulatory Association (Fimbra), which regulates independent financial advisers and smaller investment management firms.

The Investors Compensation Scheme came into existence on August 28 1988. It compensates those investors with money in authorised investment firms in default, paying in full on the first £50,000 of investment and 90 per cent of the next £50,000.

The disputes centre over the interpretation of the rules relating to compensation of assets held before the starting date. SIB constructed the rules on the premise that all investors are covered by the scheme if the investment firm was operational at the start date. But Fimbra argues that compensation should not be paid if it relates to events which occurred before the scheme came into existence and has received Counsel's opinion that endorses its views.

SIB and the ICS are seeking a ruling from the High Court to clarify the legal position.

One can sympathise with Fimbra's stance. Its members have already paid significant amounts of compensation and face a heavy bill for the current year to end-March, many of the liabilities of some of the failed firms arising before the start date.

So SIB and the ICS, sticking closely to the letter of the law, has temporarily suspended payments to these 40 investors pending the ruling of the



"WE'RE NOT MOVING THE GALLPOSTS MR SHEDLEY. WE'RE SAYING THEY DIDN'T EXIST BEFORE AUGUST 28 1988."

Favour of the Court finds in favour of Fimbra's interpretation, then these investors will not receive any compensation, despite having previously been informed that they would.

However, it verges on the heartless for the ICS to change the rules in mid-stream for these 40 investors. The ICS has no power to make discretionary payments and SIB does not intend to seek such powers for the Scheme, even on a temporary basis for these unfortunate investors.

In this situation, investors with long standing investments may well consider whether they should "bed and breakfast" some or all of their holdings to ensure that they would in future qualify for compensation should the unforeseen happen. Professional advice should be sought before any action is taken.

\* Fox Milton & Co — authorised by TSA.

Greenan Investment — authorised by Fimbra.

JGM Financial Services.

Eric Short

## Willing to renounce a legacy

RECENTLY my husband died intestate. My father-in-law stands to inherit a portion of my husband's estate but owing to his (my father-in-law's) circumstances he does not wish to inherit. Is it possible for him to renounce his portion without taking on the responsibility of ever having received it? Can he forego the inheritance even though the law states that it should be his?

Your father-in-law can renounce his statutory legacy which would leave it to augment the residue, but a useful alternative, which is only available during the period of two years from the date of your husband's death, is to enter into a deed of arrangement between your father-in-law and you (and any other adult beneficiaries) disposing of the statutory legacy as if your husband had made a will in which it was disposed of in that way.

how many back years?

Yes, your wife's pension is eligible for wife's earnings allowance for 1984-85 to 1989-90. You do not have to claim this allowance specifically: it will normally be granted automatically. The effect will be to exempt your wife's pension from tax for all the years concerned.

You may like to ask your tax office for the free pamphlets IR4 (Income tax and pensioners) IR81 (Independent taxation: a guide for pensioners) and IR90 (Independent taxation: a guide to tax allowances and reliefs).

### A safe house

TO GAIN the advantage of the nil inheritance tax band of £128,000 I have, in my will, left 7/16th of the value of my house to each of my two children and the remaining 2/16th to my wife. Could the house be sold without my wife's agreement? I have lent my daughter £25,000 interest free and returnable on demand towards the purchase of a house. Would there be an inheritance tax liability on my death?

The gifts which you describe would leave the major part of the equity vested in your children, who could therefore force a sale. If you first make a gift of a half share in the house to

## Q&A

### BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

your wife, the gifts by will being left to operate in respect of your 50 per cent share only, her position will be considerably more secure as she would own 62.5 per cent after your death.

The loan to your daughter which you describe should not attract inheritance tax but it would have to be called in by your executors unless you provide in your will for cancellation of the debt such a provision would be tantamount to a gift of £25,000.

### CGT at death

YOU HAVE said that transfer of shares between husband and wife on a no-gain, no-loss basis are not subject to Capital Gains Tax.

I am acting for my widowed sister whose husband has left

her his entire estate which includes a number of share holdings. My question is as to whether there will be a CGT liability on these transfers and if so will it be required to declare this for probate?

No, CGT on death was abolished in 1971. Your sister is deemed to have acquired her late husband's shareholdings on the day of his death at their market value on that day (on the quarter-up basis). You may like to ask your tax office (or your sister's) for the free pamphlets IR45 (income tax, capital gains tax and inheritance tax: what happens when someone dies) and CGT14 (Capital gains tax: an introduction).

### Guarded gift

IN MY will I have left money to my daughter. I do not want this money to go into an account to which her husband has access. Can I stipulate this to my executor in a separate letter or do I have to add a codicil to the will?

If you leave money to your daughter by will you cannot control what she does with it. To achieve what you propose you would have to create a protective trust, giving a life interest (on protective trusts) to your daughter with a gift over of capital to someone else, say her child or children.

4401001520







## PERSPECTIVES

IN ONE RESPECT at least Americans can be grateful to Saddam Hussein. He has finally distanced them from the Vietnam War and the shame of that conflict.

At My Lai where 500 men, women and children were butchered by US soldiers in an atrocity that became a symbol of the desperation of some American troops in South Vietnam, those memories have been preserved in a museum of the photographs which shocked the world in 1969.

Twenty years on, the memories are fading. But for the older inhabitants of another village, barely 20 miles from My Lai, the sorrow and pain are still great. Although the grass has grown back at Binh Hoa and lives have been rebuilt, I discovered a community which bears deep scars, although the cause of them never featured in the world's headlines.

I learned about Binh Hoa almost by accident from the People's Committee of Quang Ngai province. Travelling through Vietnam a certain routine developed. Every time I arrived somewhere new a local committee would lay on banquets and a history lesson. Hospitality and propaganda (in equal measure).

In this respect Quang Ngai city was no different. I duly found myself ranged opposite several cadres at a long table, with my interpreter, Truc, at my side. Hong Nhan, director of the Culture and Information Bureau was doing most of the talking.

"There were so many incidents," Hong tells me. "The massacre at My Lai, for example, or the one at Binh Hoa."

Binh Hoa? I have never heard of Binh Hoa. I ask to be taken there. After some toing and froing of junior cadres, and after the vice chairman of the People's Committee has given his consent, I am told that I can go.

I get off with Truc the following morning. At the wheel of the beat-up Mazda is Sau Dai, a former army captain. We are encouraged by a cadre from the provincial committee. We drive northwards to Binh Son, where we stop at the district people's committee headquarters, but there is no one there to meet us.

Across the road is the police station. A group of three or four non-uniformed men are standing, gazing at us. Sau Dai talks to their leader, a short fellow with a dangerous face. He is, he says, chief of police in these parts, and he doesn't want us around. We can go no further.

Sau Dai is furious, but refuses to give up. We drive back toward Quang Ngai, but take the My Lai turning. Hong and the vice president, he knows, are escorting a party of Americans around the museum. When we find them, Sau Dai explains our plight. Hong says he will accompany us back to Binh Hoa. Indeed, he will devote the rest of the day to my expedition.

So, back to Binh Son. The com-



## Binh Hoa: Vietnam's lost apocalypse

Justin Wintle returns to a less successful US battleground where sad echoes of violence still haunt the villagers

mittie building is still deserted, but a few words to the janitor from Hong soon brings the local chairman and vice-chairman running. My party is led upstairs to be offered tea in a square, shabby room. Apologies are offered. The police, I am told, were only concerned for my safety.

By the time I finally get to Binh Hoa it is mid-afternoon. The road is pitted and still bomb-cratered, making me wish that I was in the jeep now I am expected. Messengers full of dignitaries and their henchmen - that now escorts us. Binh Hoa itself is not like My Lai, which nestles in luxuriant tropical foliage. Here we are close to the sea, salt winds have reduced the landscape to desolate scrub. But at least now I am expected. Messengers have been sent to prepare a reception. Yet another people's committee is waiting.

Everybody crowds into the committee house, no more than a concrete shed without electricity and festooned with red banners and the obligatory portrait of Ho Chi Minh. In this instance looking almost frighteningly avuncular.

About 20 of us, all men, sit round a long-table. Oil-lamps are lit. The introductions and formal compliments go on a bit, but finally two older men, peasants, are brought in and placed near me. These, it is explained, are "witnesses" of the Binh Hoa massacre. With a little help, they will tell the story.

The first to speak is the very frail

Mr Bui. Visibly overwhelmed by the attention he is receiving not just from myself but also from those who, in his daily life, no doubt assume the role of his masters, he rises respectfully to his feet and at first falters. His eyes quickly soak. He simply cannot grasp, he says, why, after so long, a complete stranger has come to ask him questions.

But when he gets going old Bui speaks from the heart. He tells me how all the men in Binh Hoa had been revolutionaries. They had responded "well" to the call to "liberate" the homeland. And because of this, Binh Hoa was a thorn in Saigon's side.

Then he tells me what happened on December 5 1968. At dawn a detachment of South Korean mercenaries, men of the crack Green Dragon Division, arrived at the village and herded everyone they could find - 34 old men, women and children - toward a nearby bomb-crater. Then, pushing their victims into the pit, they shot them all.

For the next three days the Koreans kept guard over the crater, preventing anyone from retrieving the corpses for burial, hoping perhaps to lure the Viet Cong out of the surrounding bush. By the time they left the bodies, soaked in mud and water and also mortared by the Koreans, had already begun to decompose. It was decided, therefore, to leave them where they

were, to fill the crater and designate it a grave.

At the time Mr Bui was 45 and a farmer. He did not in fact see the killings, but he did see the corpses. They included the remains of five of his own children: four daughters, and a son. One by one he gives me their names: Bui Thi Xiem, Bui Thi Lam, Bui Thi Moc, Bui Thi Xi and Bui Van Duc. With Truc's help I inscribe each in my notebook. Mr Bui watches as I write. Probably he is illiterate, but he doesn't need to

*The Green Dragons arrived at daybreak. The villagers, more than 450 of them, were divided into groups. The killings began at 10am.*

be told what I am doing. He says nothing more. Truc whispers in my ear, "You see, he is so moved."

It is now the turn of the other witness, Pham Van Cuc. Younger than Bui, he is more alert but equally deferential. He describes a different incident that took place in an adjoining hamlet, An Phuoc, a part of Binh Hoa village.

On December 6 1968 the Green Dragons again arrived at daybreak. On this occasion they surrounded the whole place so that no-one could escape. The inhabitants of An Phuoc, more than 450 of them, were divided into four groups and led off

to separate spots. The killings began at 10 am.

Some were shot, some were tortured, some were beheaded. A few of the women were stripped and tortured first. Individual Green Dragons clenched their hands and drove fists into vaginas. Five girls were raped. Then they in turn were shot, mortared or beheaded. Even newborn babies were not spared. But there were seven survivors, who were discovered after the Koreans had left.

Pham also tells me about a third incident, that took place in Tri Hoa hamlet. Twelve people were rounded up and pushed into a cellar. The Koreans then lobbed hand-grenades at them, killing all.

Overall the number of people slaughtered was 34 plus 456 plus 12, a total of 502, just two less than the official tally at My Lai. Yet the Binh Hoa atrocities were 17 months before My Lai. Why, I ask, have I never heard of them?

A discussion gets under way in an attempt to answer this. The consensus is that because the massacre was perpetrated by Koreans, and

not by Americans, it was of little interest to western reporters at the time. Dog eat dog and all that. Yet even so, because the Green Dragons were mercenaries in America's employ, the American military were almost certain to have known about it.

What is interesting about the Green Dragons is that unlike the men under Lieutenant Calley, the senior officer at My Lai, they were not draftees but highly-trained regulars. Their average age was 26, not 19 as at My Lai. They were, if the word has any relevance, professionals.

I am taken on a tour of the massacre sites. There is nothing much to be seen. A shallow declivity, 25ft or so in diameter on the slope of a hill, marks the spot of the bomb-crater turned grave. Above, where there is a conventional war cemetery, paid for by the state, Mr Bui kneels beside another grave which contains the body of the only child of his who wasn't "murdered": a second son, killed in action later, "fighting for our independence".

Then Mr Bui, crying, disappears and we make our way to An Phuoc, the main killing field. But all I can find there is a destitute sterility hanging like a pall over a cluster of miserable leaf-and-bamboo dwellings.

We return to the Binh Hoa committee building at dusk. In my absence a "survivor" has been found. Doan Nghia is in his mid-20's

and is blind. He was an An Phuoc baby, just seven months old when the Green Dragons carried out their mission. He was shot, he says, in the back, and left for dead. His father, a Viet Cong, rescued him from the pile of corpses. But there was no saving his eyes: they had taken the partial impact of a grenade and had been caulked for several hours in blood and mud.

Time to bid farewell to the committee. Everyone gathers outside. Because it would take too long to shake them all by the hand, I lead Nghia forward a little. My intention is to give him a hug, but before I can do this he suddenly drops his trousers with his ankles and, feeling with his fingers, shows me the scar of a bullet wound in his buttock.

This wound is almost as old as he is and yet he has never seen it - and never will. Thinking about this makes everyone quiet in the Mazda as Sau drives us back to Quang Ngai. But as we enter the city's outskirts, the silence is broken by Hong. Through Truc, he wants to remind me that the Binh Hoa I have visited is in Quang Ngai province. The reason for telling me this is that there is another Binh Hoa in the next province south, Binh Dinh. Hong cannot be sure, but he thinks there was a massacre there as well.

A fuller account of the Binh Hoa massacre can be found in *Romancing Vietnam*, written by Justin Wintle, and just published by Viking Books, price £16.95.

## MOTORING

## Japanese go private

Stuart Marshall tests the latest Mazda 121 and Nissan Sunny

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THE TWO latest Japanese cars - the Mazda 121 and Nissan Sunny - are aimed straight at private motorists, not company fleets.

Whereas the first Mazda 121 was a fairly conventional small hatchback, the new one is that rare animal, an exceedingly compact 4-door saloon. After all, not every small car buyer wants a tailgate; some prefer a boot. The Mazda gives buyers the best of both worlds because the rear seat backrest folds partly or completely flat so outside loads can be carried.

The new Sunny comes in a full range of 3-door and 5-door hatchback, 4-door saloon or 3-door coupe versions, all looking quite different from one another.

At a shade over 12 ft (360cm), the Mazda 121 is almost the same length as a Ford Fiesta, but at almost 58 ins high, is six inches taller. So it is no wonder there is masses of headroom - more, in fact, than in many far larger cars - and that the driver has a very good view indeed of the road over its stubby little bonnet.

There is only one model, the GLX. It has a 1.3 litre, 16 valve engine developing 72 horsepower and a 4-speed automatic transmission as standard. Out of town, the Mazda felt surprisingly vigorous though I thought the transmission was a bit too eager to change down. It jumped from top into second if I wanted quick acceleration from under 40 mph (64 km/h). And at 50 mph (80 km/h), it would often drop into third and hold it up to 65 mph (105 km/h) when top would have been sufficient.

When extended, the engine

is noisy. Really, the 121 is at its best at moderate speeds and, of course, in town, where its compactness and easy manoeuvrability make it feel positively nimble. On the move, the steering is pleasantly light. But when I went from lock to lock at almost zero speed to squeeze it into tight parking spaces, I wondered why Mazda had not gone the whole hog and given it power assistance.

To the young and fit, this may seem ridiculous. Although fit but, regrettably, far from young, I was not troubled by the lack of power assistance. But I think many an elderly and possibly frail motorist - and they must be typical 121 buyers - might well be.

They would gladly find the small extra amount (under 5 per cent of the £14,999 list price) that would allow power assistance to be factory fitted as standard. It is worth noting that the similarly sized Daihatsu Charade CX 5-door



Nissan's £15,023 100 NX coupe. A good performer, but is it worth more than a Toyota MR2?

hatchback offers 3-speed automatic transmission and power steering for £23,355. But in every other respect the 121 is just about ideal. The high roof allows people to sit up properly inside, so rear seat knee and legroom is perfectly adequate for adults. They will also find it easy to enter and leave. Boot and fuel flap open from inside and the steering wheel tilt is adjustable. It also has power-operated front windows and central locking.

Britons like the Nissan Sunny. Over the years we have bought well over half a million of them. We shall, I have no doubt, also like the new ones. They go on sale at the beginning of next month and are intended to lock horns with the Ford Escort, VW Golf and Vauxhall Astra.

Last week, I dipped into the range, trying first a 1.4LS 5-door (£10,900), then a 1.6GS 4-door (£12,633) and finally the pretty 1.6 NX Coupe, which costs £15,023. Any lower-medium sector buyer who tried a new Sunny would probably be as impressed as I was by its refinement - equal to that of the class leading upper-medium Nissan Primera - as well as its performance and equipment. What might not go down so well is the price.

An increasingly public row has been going on between Nissan UK, the independent company which handles all Nissan sales in Britain, and Nissan Motor Company of Japan.

For more than 20 years Nissan UK sold Nissan cars so successfully they became the British buyer's top Japanese choice, with total sales exceeding 1.5m.

When Nissan Motor began making cars at a UK plant in Eastleigh, Nissan UK said these as well as the Japanese

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Nissan's £15,023 100 NX coupe. A good performer, but is it worth more than a Toyota MR2?



The Mazda 121 1.3i GLX 4-door saloon - not all small-car buyers prefer tailgates to boot lids

imports. At first the factory assembled Bluebird, now it makes the Bluebird's successor, the Primera; and next year a Micra replacement will be produced there, too.

A dispute which had been simmering for some time blew up over the price at which Nissan UK could buy Primers from the British factory. Nissan UK said they were too high for the car to compete directly with the Vauxhall Cavalier and Peugeot 405.

Nissan Motor would have none of this. Eventually it said it was going to end its distribution arrangement with Nissan UK and set up its own sales network in the British Isles. Nissan UK's reply was to call in the lawyers.

No-one knows how the case will be settled but meantime, the uncertainty is not helping Nissan car sales in the UK.

When Nissan UK announced the prices of the new Sunny range, Nissan Motor issued an official statement calling them

"outrageous" and saying they were 15 per cent above the figures it had proposed. According to Nissan Motor, the 1.4 Sunny 3-door, now listed at £9,995, would be priced in the "mid to late £5,000 range" if it had had its own way.

All of which tends to obscure the fact that, even at current prices, the new Sunny models are attractive cars. Some might not think the cheaper ones unrealistically expensive. For example, is £9,995 too much for an Escort-sized 3-door hatchback powered by a silky, 16-valve engine with catalytic

converter, 5-speed gearbox with featherlight clutch and power steering? When you look at a £9,690 Escort 1.4 LX 3-door with a catalyser but a less advanced engine and no power steering, the £9,995 Sunny does not seem quite so expensive.

It cannot say the same, though, of the top of the range 100 NX Coupe, which has the same engine as the 1.6 GS saloon and hatchback (from £12,634) but costs £15,023. That is a few pounds more than a Rover 4500i 16v 4-door, over-£500 more than a Toyota MR2.

## MOTORS

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## EXECUTIVE GOODIES, MIDDLE MANAGEMENT PRICE

THE £19,245 Saab 9000XS 5-door and CDXS 4-door saloon announced this week could be called recession beaters in that they have factory-installed air conditioning and a compact disc player, both unusual in the under £20,000 class. These 2-litre, 16-valve, 130 horsepower engines also have catalytic converters and such executive-class goodies as wood veneered fascias, heated front seats, central locking, powered windows

and exterior mirrors and high-level brake lights - but no sunroofs.

Interestingly, Saab is considering offering air conditioning as an alternative to a power-operated sunroof in the other 9000 and luxury CD models at no extra cost.

Bryan Batten, Saab GB managing director, believes that British businessmen now realise that air conditioning makes summer motoring much nicer and crawling in a motorway tailback more

tolerable. Sunroofs are not universally popular, among readers of this column at any rate. Many believe they reduce headroom unacceptably and say that few of them can be opened at motorway speeds without causing a lot of disturbance.

Also new from Saab - a 1991 616 (594 cm) 6-door Coleman-Milne CD limousine conversion said to be the longest of its kind in Europe. It has all the usual limousine necessities such as leather

trim, front and rear air conditioning and a power-operated division between chauffeur and rear compartment. It costs from around £40,000 upwards, depending on whether you have the 2.3 litre, 4-cylinder engine turbo charged or not.

At the other end of the price scale, SEAT - Volkswagen's Spanish branch - will soon be introducing face-lifted and more refined versions of its best-selling Ibiza hatchbacks. Eight models, with petrol

engines ranging from 900 cc to 1.5 litres capacity, plus a 1.7 litre diesel, will go on sale in the UK late next month.

Prices, currently from £5,699 to £9,151, are unlikely to rise much. Under Volkswagen's control, SEAT build-quality has greatly improved. So much so that I thought that the Ibiza I drove in a wind and rainstorm Mallorca last week felt rather like a cross between a Polo and a Golf.

S M



# Petrus and karaoke by Royal warrant

"WHEN YOU think about it," said Chris Brown, youthful managing director of Corney & Barrow's restaurant division, "from hosting the lunch that went on till 4.30 to operating an in-house merchant and working room in less than three years is amazing."

He might have added the karaoke and what C&B chairman Malcolm Kimmins calls "pistons" that are both money on offer at their Coates wine bar as well as even more dramatic evidence of the restaurant's modernisation of the monarchical wine merchant (C&B have been Royal Warrant holders since the reign of George V.) Kimmins asked me in the drawing room of the Georgian rectory off Old Broad Street that is C&B's headquarters: "No? I borrowed one for Christmas and we ended up playing with it every night. It's more fun... We have had karaoke five nights a week. Coates now and we still have a few queues stretching down London's White Wall."

It is doubtful that Kimmins, who is chairman of the group, has been four years ago from the whisky business, would be quite so keen to encourage this Japanese-inspired exercise in public humiliation in those one of the five City of London restaurants, I suspect, that are the most successful in the Corney & Barrow name. But this nimble juggling of demand and self-interest is typical of the 200-year-old company's current spirit.

Among the dozen or so wine merchants that remained in the City by the late 70s and early 80s, C&B were the last to be distributed, in spite of early, satisfying all the membership rules. The of this particular club - long, portacasta lunches in the boardroom; alive a deep-rooted suspicion of non-classic wines; all the right ties and tailors - C&B could boast a well-connected, distinct, and distinctive group. Managing director in one John Armit (then also a founder of Downing's, Wall's and the Zanzibar, both seminal nightspots of their time) and, 3,000 even more bizarre in this context, a Seti woman who was actually allowed to take the odd decision. I remember it meeting John Armit and Susie De Roche. This was the head of the Old Broad Street, wearing a school badge that said Vice Captain (ho, ho), she coping heroically with her in-house status as eighth wonder of the world, a woman with

glamour and a palate. In a somewhat acrimonious fashion, Armit and De Roche left the old firm in 1988 to start John Armit Wines, whose list bears a remarkable similarity to that of C&B. Both sport a quiver of top names in Burgundy and most of the most famous names of Bordeaux, including a small allocation of the wine merchant's dream ticket Chateau Petrus, won for C&B by Armit's assiduous courting of the Bordeaux house of JP Moueix.

Most wine merchants would kiss Kimmins' elegantly shod feet to secure a fraction of what is probably only a very few hundred cases of this, the most sought-after wine in the world, shipped to C&B each year. The exact quantity is Corney's best kept secret but the firm could have sold its allocation of Petrus 1989, priced at £1,150 a dozen but recently bought for

## Jancis Robinson visits a City institution which moves with the times

£1,675, three and a half times over. One manifestation of the new broom of self-discipline of which Kimmins and colleagues are so proud is that directors are no longer allowed to buy Petrus themselves. Another is that in-house lunches are now scheduled to end firmly at 2.15 ("they were too long and we've been happy to be disciplined by the rest of the City") and entertaining in the company's restaurants is frowned upon.

Perhaps most important, Kimmins has imposed rigid financial controls - by no means the norm in a trade still coming to gentlemanly grips with such notions as credit control and accountability. The group, which has turnover of £11.3m and is privately owned by about 30 shareholders, has been restructured into its distinct component parts. There is Ernest Gorge Wine Shippers, whose 77-year-old founder earned a useful £420,000 worth of commission on sales of less than 500 cases of wine to supermarkets. The other is the £200,000 bottles of L'Oron beaunolais nouveau - in the year before his retirement last month. Quite how this sits with the official C&B line that "anyone who spends less than £3.50 on a

bottle of wine is just wrong," is intriguing.

Then there is West London Wine Shippers, C&B's outpost in Notting Hill (or "Portobello" as C&B would rather have it) a shop two doors away from - John Armit Wines.

But the most important financial unguising was to establish as separate entities C&B Wine Merchants and C&B Restaurants (turnover in the financial year just ended of £8.4m and £4.1m respectively). The company went eye-catchingly into the restaurant business in the early 80s with sharply designed, pastel shaded watering holes apparently at odds with its image as a venerable wine merchant but tailor-made for the emerging City species *homo faxiens* (Nick Stanley, who masterminded this move when MD of C&B, is now a director of John Armit Wines). The initial point of the restaurants was to generate wine sales for the merchant business but nowadays they admit it is unlikely that both sides of the business will flourish simultaneously.

Adam Brett-Smith, lucky managing director of the merchant side is clearly proud of having fulfilled his brief of returning the merchanting side to profit since he was appointed two years ago.

A recent customer questionnaire revealed that C&B were seen as "excellent but expensive". Brett-Smith observes smugly, "I think I can live with that." I pressed him to elaborate on Corney's strengths as a wine merchant. He had much to say about their service levels and special features but, perhaps significantly, little about the wines themselves.

The company's pride and joy at the moment is "the bunker", a basement cell where Mark Bedini runs C&B's fine wine broking division, started 18 months ago and now trading over £1m worth of their customers' wine, without the involvement of the auction houses or London's hungry fine wine traders.

Chris Brown, also 34, has had more of a struggle to balance the books recently, which will come as no great surprise to anyone in either the restaurant business or the City. The redevelopment of a nearby office block can make an immediately calculable difference to the bottom line. The fortunes of C&B restaurants fluctuate almost directly with those of the City, although even now an average of 36 bottles of champagne a day are sold at the bar overlooking the Broadgate ice rink



Chris Brown, managing director of Corney & Barrow restaurants, which has a champagne bar in the Lloyd's building

and jeroboams are kept permanently on ice in anticipation of any unexpectedly good figures.

Ex-Savoy and no-nonsense, Brown epitomises the meritocracy he claims to cater for serving them a three course lunch within the hour if requested. "Modern communications are terribly important. Our sort of customers don't want to hide away in dark, sawdust-covered wine bars. They need to keep themselves informed."

Their newest venture, a champagne bar at Lloyd's won from nine other tenderers, has all sorts of umilchord cords to its financial mother: PBX direct line and special Lloyd's paging system, as well as "specially designed slip case storage

# All at sea to keep my Jack Tar jolly

I HAVE NEVER quite understood why sailors cannot speak as the rest of us do, saying left when they mean right and right when they mean left. My husband once said he would explain it and took me on a sailing holiday in order to do so.

The Caribbean would have been nice but we went to the Norfolk Broads. The calendar said April but it was January weather. The wind blew, which is something sailors favour, apparently, and chill rain fell more or less non-stop, which was not so nice, as my captain agreed.

On deck the boom was a major hazard and between ropes and sheets I was mightily confused. I found it hard to sleep below. Our twin beds, draped in sheets not ropes, were as narrow as coffins, unmissably far apart at the pillow ends and just touching at their feet. The sound of water, I felt, was as though I was being buried at sea.

The only thing that kept me going was busy myself in the kitchen, though jolly Jack Tar objected to me calling it that. He was right. It was far too basic to permit much in the way of cooking. Only the simplest things were possible so I devoted myself to brewing up hot water bottles, soup and toasted sandwiches.

Oh, how soothing they were, what homely manna those savoury bacon butties and mugs of comforting thick soup. I reckon the warmth and solace of them saved my life - and probably our marriage.

**HOTPOT OF LAMB WITH PRUNES**

Here is another comforting dish in which potatoes play an important role, this time in the guise of roasting, a thick thatch of them keeping the meat sealed in the pot.

Washes like this used to be assembled on market day morning, placed in a very slow oven and left to bubble quietly all day while the cook was out. This version is speeded up with an initial blast of high heat but the end result is the same: silken potatoes soaked in gravy and meat so tender that it falls clean from the bone.

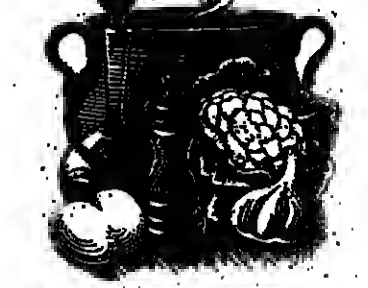
Choose a casserole or hotpot dish large enough to take a thick chunk of meat in a single layer. Butter it and put 1 large or 2 smallish finely chopped onions into it.

Add salt, pepper, a handful of chopped parsley, some thyme and a couple of bay leaves. Mix well.

Trim most of the fat from the chops. Dust with flour, lay them on the onions and tuck 8 prunes between them.

Cover with 1½ lb or so of scrubbed and sliced potatoes, any Golden Wonder, Désirée or Romano, seasoning with salt and pepper between layers.

Carefully pour on about 1½ pt cold stock mixed with a couple of



teaspoonfuls of vinegar - the liquid should not cover the potatoes. Dot with flakes of butter or drizzle with the melted lamb fat.

Cover and cook for 30 minutes at 200 C (400 F) gas mark 6, then for 1½ hours at 150 C (300 F) gas mark 3. Finally, remove the lid and let the hotpot cook for a further 30 minutes.

**WHITE ONION, POTATO & WATERCRESS SOUP WITH BACON TOASTIES**

Creamy pale and delicately oniony, the complete opposite of French onion soup, this is good enough almost - to tempt me back on to a boat.

In refined circles it might be thought preferable to omit the bulging bacon toasties and to garnish the soup instead with croutons of fried bread and snippets of crisply fried bacon. That would be missing the point of the dish. The toasties are intrinsic to the recipe, which is intended not as a dinner party preface but to sustain hungry sailors and landlubbers alike for Saturday lunch or Sunday supper.

To make enough to fill six bowls generously chop ½ lb onions very finely. (In a proper kitchen I whizz them in a food processor.)

Put them into a soup pan with 2 to 3 oz of melted butter and 1 lb of good floury potatoes cut into dice. Stir them around.

Season generously with salt and pepper and add a bouquet of parsley and bay with several good sprigs of thyme or better still serpolet. Pour on 2 pt of creamy milk and bring to simmering point, stirring.

Cook with the lid ajar over a gentle flame, stirring occasionally, until the vegetables are perfectly tender. Then pass the contents of the pan through a mouli-legumes (or whizz them in a food processor) to make a creamily smooth puree.

Strip the leaves from 1 large or 2 small bunches of watercress and chop them. Stir into the soup. Reheat gently and check seasoning.

For the toasties, which should be prepared while reheating the soup, grill or fry about 1½ dozen rashers of streaky bacon until the fat is sizzled and crisp, and toast 6 x 1 inch thick doorstops of bread.

Cut the crust off one end of each slab of toast and make a slit in the crumb revealed by the removal of the crust. Insert a knife and move it around to make a pit-like pocket.

Post a trio of rashers and a spoonful of the melted bacon fat into each pocket, and serve while the toasties are still warm.

**ANGLESEY EGGS**

The soothing marriage of potatoes and the onion family features once more here, but as this dish comes from Wales it is less that it is used. Just the recipe for a belated celebration of St David's day.

To serve 3 to 4, clean and slice 6 large leeks, and peel 1 lb of floury potatoes. Maris Piper is not high on flavour but it will do quite well for this dish. Boil the two vegetables in separate pans.

Drain the cooked leeks and whizz them in a food processor with 2 oz butter. Crush the cooked potatoes with a potato masher. Season them generously and beat in the buttery green puree of leeks.

Make a smooth sauce with 1 oz butter, 1 tablespoon flour and ½ pt creamy milk. Let it simmer for 10 minutes then season well with salt, pepper, nutmeg and 2 oz Cheddar.

Spoon the vegetable puree into a ring in a baking dish. Fill 6 hard-boiled and quartered eggs into the centre and pour the sauce over them. Grate 1 oz or so of Cheddar over the top and bake at 200 C (400 F) gas mark 6 until bubbling hot.

Whenever I mention seakale, that delicious old-fashioned vegetable, I am inundated by letters asking where to buy it. This year, for the first time, selected branches of Waitrose are selling it. Addicts should make the most of it while they can - the season is expected to end at Easter.

Philippa Davenport

# The best of the west

ENGLAND'S WEST Country has such a strong association with enjoyable holidays that the pretext of an early Easter holiday is the excuse for a few days excursion in late January.

Gastronomically, there was a price to pay as some of the better-known restaurants were closed for their holidays: the Carved Angel in Dartmouth (0803-832465), Food for Thought in Fovey (072-583-2221) and the Sealord Restaurant in Padstow (0841-532485), although all three were due to re-open by now.

There were, however, advantages to being there out of season. One could watch a lonely fishing boat battling out to sea without being mowed down by a herd of caravans; the lovely Cornish accent came over the radio and across the beach; the stone and the steep paths down to the picturesque fishing villages, such as Clovelly and Polperro, were for once deserted.

Over the restaurants of the area two benign influences are at play. The first, and more long term, has been that of George Perry Smith, originally from the South of France, the Wall in Bath and then the Riverside in Helford, Cornwall, who encouraged the revival of good British cooking. The second, on the west side, is the presence of Bill Baker from Reid Wines, who has apparently appropriated many of the better hotels and restaurant wine lists as his own domain.

As in so many parts of the country it is possible to recommend more places that cost £100 for two than £30, and it would be wise to remember some of the better pubs when travelling into and around the West Country. On the Somerset/Devon border there is the Royal Oak at Withypool (0643-388500), in Devon itself the Masons Arms at Knowstone (039-54231) and at Dordogne the wine-hoisted Nobody Inn (0647-52394) among many others.

These all offer reasonably priced rooms, from £25 to £50 a night, a selection of excellent beers, good pub and restaurant food and a slice of history. The Masons Arms dates back to the 13th century, the Nobody Inn to the 16th. There are also extras. At the Royal Oak they can arrange all kinds of vigorous country pursuits; at the Nobody Inn there is a 700-bin wine list and a choice of 220 whiskies to fill you into drowsy bliss.

Devon also has a number of country house hotels and during my stay two in particular impressed: Whitechapel Manor at South Molton, North Devon (07695-3377, fax 07695-3797) and to the south, Giddeigh Park (0647-432367, fax 0647-432369) in Chalfont.

Whitechapel Manor belongs to John and Patricia Shapland who

until four years ago were dairy farmers; they still maintain that the hotel business, and in particular its unpredictability, is a harder task-mistress than a herd of 60 cattle. They fell in love with the former Elizabethan manor house and have converted it with simple good taste into a 10-room hotel which boasts a Jacobean carved oak screen and sloping bedroom floors. They had been open for no more

than two weeks when their chef walked out and good fortune walked in. Their young "sous-chef" Thierry Lepere, ex-canteen cook, and his partner, who has been in the strength, producing short innovative menus that are so tempting that choice becomes difficult.

First courses included sautéed turbot coated with spices and a Jerusalem artichoke puree or a vegetable bouillon flavoured with saffron and served with dower sole and vermicelli; among the main courses noisettes of venison with a hal-

## Nicholas Lander dines well in Devon and Cornwall

samite vinegar sauce was delicious. Desserts were as good including a traditional French apple tart with caramel ice-cream while the breakfast was the best of the stay. Rooms range from £90 to £165, dinner is £34.50 for four courses.

At Giddeigh Park prices include the room, dinner, breakfast, service and VAT. The natural beauty of the setting now that all the major renovations, especially the water garden, are complete is striking. As I sat on a balcony in the late afternoon only the large plate of Devon clotted cream that came with the scones stopped me from thinking I was in the foothills of the Alps.

Furthermore, while the wine list is extraordinary and Shaun Hill's cooking stimulating, what is unique about eating here is to be able to enjoy the combination of the two - a fast easily beyond the comprehension of the Michelin inspectors. A half bottle of the rare Clos St Hune Riesling 1976 came alive with our two first courses, sautéed scallops with lentils and coriander and a fillet of sea bass with Chinese spices. Paul Henderson's policy of encouraging guests to trade up his wine list through a deliberate pricing policy should be copied more widely.

Another reason for calling at Giddeigh is to take advantage of Henderson's knowledge of, and passion for, food and wine. An hotelier since 1977 and before that a management consultant with McKissey, he has, it seems, gastronomic spies everywhere and no sooner had we enquired about where to have lunch the following day than he had booked us a table at Pophams in Winkleigh (0637-63767).

Winkleigh is a small village and Pophams acts as its corner shop, coffee bar, cafe and, in true village tradition, repository of all the local gossip. It is tiny. Two sets of two chairs along the side walls and a small table which can seat six at a pinch in the middle. This small eatery is open from 9am-3pm, Monday to Saturday. Behind a small, immaculately clean kitchen stove Melvyn cooks, while Dennis serves.

Almost everything is made on the premises and the quality and quantity are fantastic. Delicious thick carrot soup, a well made meat loaf with chutney and salad, the very finest sticky toffee pudding with yet more clotted cream. That morning they had made a steak and kidney pudding which no-one had ordered until I arrived. When I did they placed the whole pudding, enough for six, in front of me and told me to help myself.

I took their card, partly to order their Devon clotted cream by post, partly to remind myself that five of us could eat so well and so copiously in this country for £25.

# The undiluted spirit of Scotch

I HAD not come in search of the holy grail of Scotch whisky. I had not even occurred to me that such a thing existed. But I now realise that I found it when I went to Leith, the port of Edinburgh, the other day.

It's all a question of purity. The connoisseurs of whisky know that when you ask the barman unspecifically for a Scotch you get blended whisky: a mass-produced drink made in big industrial distilleries out of fermented grain (usually maize) married with dashes of dozens of malt whiskies. These malt whiskies come from those 109 picturesque rural distilleries dotted all over Scotland and are made from malted barley.

These days the cognoscenti tend to hypes blended whisky and head for the single malt whisky itself: the unique, unblended product of the individual malt distillery such as Glenmorangie or Glenfarchas and many others. Wherever you buy whisky needs to mature for a brief three years, a single malt must lie in its cask for at least ten.

You might think that a bottle of malt whisky is as close as one can get to the real thing. But it is not. Malt whisky when it comes off the still is around 110° proof or 60 per cent alcohol. To make it more palatable it is diluted with water at the bottling plant after it has matured, to give it an alcohol content of a little over 40 per cent.

The epicure does not object to

distillation in principle. It's just that the dilution process involves putting the whisky through chill filtration (taking it down to a temperature of 4 degrees Celsius) to avoid it becoming slightly cloudy when water is added. But chill filtration can, some contend, also take out part of the whisky. They still want to get at the real thing.

That can be found in Leith at the Scotch Malt Whisky Society, housed in The Vaults, a 17th century building.

## James Buxton meets the man who wants real whisky

ing that also contains the Vintners Room restaurant. The Society buys casks of whisky from individual distilleries, cutting out the filtering and dilution processes. It bottles the whisky and sells it to its 12,000 members, mostly by mail order. The members will nose or sip the whisky at its full strength and then add water. But that is different from industrial dilution.

The Scotch Malt Whisky Society is a cross between CAMRA, the Campaign for Real Ale, and the Wine Society. It was founded nearly a decade ago by Pip Hills, a wiry, faintly angry Edinburgh man who was entranced by the strong, dark whisky he used to be given by an

Aberdeenshire farmer. He discovered it came from straight from the cask at a distillery over the hills in Speyside.

Rather like CAMRA, Hills saw the search for real whisky as stripping off the layer of kitsch and nonconformity that has been created over the years for blended whisky. He says that even now only about half Scotland's malt distilleries market a single malt, and contends that many only began producing them in response to consumer demand rather than on their own initiative.

For a time Hills met incomprehension and even resistance from distillers when he tried to purchase single casks of their maturing malts, afraid that he might create a market outside their control. They were perplexed that, knowing every cask has its own particular taste, he insisted on selecting individual casks. The whisky maker creates his malt whisky by mixing the contents of several casks to achieve uniformity.

Now however the Society has a reasonably happy modus vivendi with the distilleries. Some 90 of the 109 malt distilleries supply it with casks held in bond until it is time for bottling, carried out by Invergordon Distillers in Leith. The main problem, Hills says, is getting enough whisky to satisfy growing demand.

Like the Wine Society the Scotch Malt Whisky Society offers its whiskies under a uniform label design.

In order to avoid any suggestion of being in competition with the distillers, and to make it more fun, it does not name the distilleries from which the whisky comes.

Instead each has a code number, with a decimal to designate the exact cask number. The description in the catalogue contains a concealed identification of the whisky, concocted by merry little committees of laymen and specialists at tasting sessions. Thus a 23-year-old bottle of The Glenlivet, costing £35 or £40, depending on the cask, (Lincolnton oak or former cherry cask) carries the following clues in the latest catalogue:

"One of the great Speysides; the distillery founded by George and J.G. Smith; bearer of the definite article." The whisky connoisseur will be able to identify it from one of several guides to distilleries. The description continues: "Like Miss



Brodie, complex, difficult and rewarding. Not for novices. Members please be responsible: don't buy just because you can afford it, but only if you are reasonably experienced."

Not all whiskies are so demanding and most prices are between £20 and £30, as the society is deliberately run on a low profit basis.

Jimmy Allen, who presides over the Society's attractive rooms at The Vaults, done up like a good club, says that 12 years is usually the best age for a whisky: "after that it may improve, it may deteriorate."

Let's you should be tempted to drink a cask strength malt whisky

neat he warns: "If it shudders on the way down you're not going to enjoy it." It should take you 25 minutes to drink a glass of malt whisky.

I slipped gingerly and ineptly at the holy grail of whisky, feebly aware that idiotically I had come by car and knowing from dismal observation of my peers that FT people are nowadays supposed only to drink Perrier (or Highland Spring in Scotland). But members of the society can take part in its many tastings in different cities of Britain, including London, or visit the Vaults itself, and maybe toss a bonnet into the next catalogue.

■ The Scotch Malt Whisky Society, The Vaults, 57 Mile Wyke, Leith, Edinburgh EH6 6BZ. Tel 031-554-3452. Membership costs an initial £40 including an introductory bottle of whisky. Annual subscription is £7.50.

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## HOW TO SPEND IT

Toile de Jouy, a favourite with Napoleon, is back in vogue, writes Lucia van der Post

# Revolutionary designs reborn

**I**N FURNISHING, as in fashion, there are moods and swings. One year stripes are hotly desired; the next those who bought them are irrevocably stuck with them while everybody else is free to look elsewhere for their decorative effects. So it is with Toile de Jouy. In the 50s and 60s it was, like the Regency stripe, "terminally overdone" as one decorative expert put it, but its innate charms have ensured that it could not stay out of fashion forever. The past few years have seen a revival of interest in these beautiful designs and anybody interested in them will now find that there is plenty to choose from.

Toiles de Jouy in the strictest sense are simply cotton fabrics from Jouy, near Versailles, but the name came to be attached to cotton or linen printed on fine pear wood and later on copper plates that gave to the designs the exceptional subtlety and clarity of line.

It is nearly 150 years since fabrics were last printed in Jouy but the name lingers on, evoking images of soft madder pinks on cream, gentle, detailed floral motifs or pastoral scenes. Though nowadays we associate Toile de Jouy with one colour printed on cream or white several of the original designs were in fact multi-coloured.

These days Toile de Jouy has a rather high-flown profile, with overtones of Gallic chic, antiquity and aristocratic patronage but it started life as a poor man's substitute for richer, more exotic fabrics. During the French Revolution they became hugely popular, having the sort of revolutionary cred that was essential to survival.

There's a marvellous version in the Musée de Carnavalet in Paris, ablaze with revolution-

ary themes - all raised fists and Liberty, Fraternité, Égalité. Later Napoleon travelled with his campaign tent swathed in it and designs expanded from the pastoral scenes or floral motifs to embrace classical motifs and historical events like balloon flights and the American War of Independence.

Today there is a huge revival of interest in Toile de Jouy. Many of the versions on the market are screen-printed which, while still giving a good decorative fabric, is infinitely inferior to the copper-roller printed original. If you are ever able to look at the two different versions side by side you can immediately see the difference.

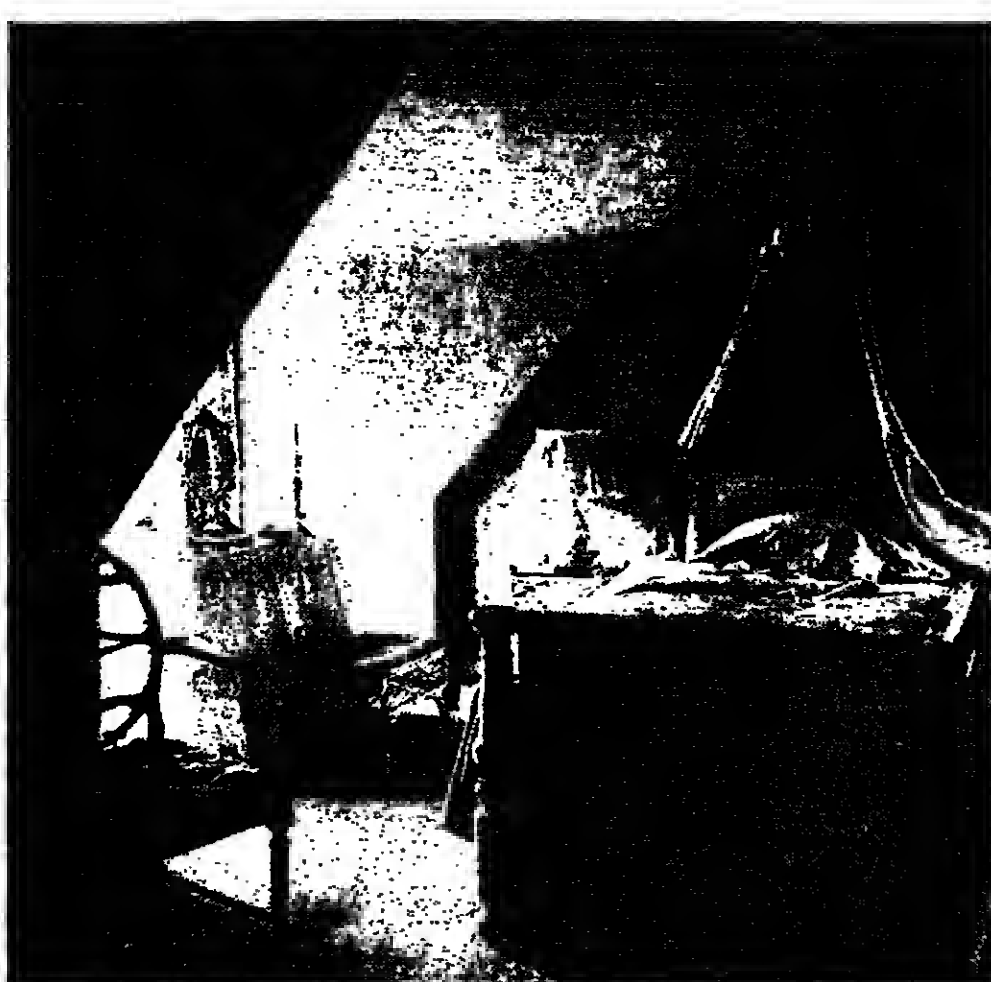
In copper roller printing the design is engraved on to the rollers (these designs used to take at least six months to do) and give an extraordinary depth and vitality to the design. As one expert put it "you can see the blush on the cheek of the shepherdesses".

Screen-printing notably lacks the depth and finesse but, for a lower price, does offer something of the same decorative qualities.

Many famous decorators have used Toile de Jouy. John Fowler of Colefax & Fowler loved it and used it in the Hambleton Manor (pictured top right), where he put it on the walls and on the bed as well as hanging it as curtains.

The most authentic toile is by Burger of Paris, which still prints by copper roller, and are distributed in the UK by Percheron. There is a whole range of classic narrative scenes, as in Fête Navale, the splendidly revolutionary La Bastille and the gently pastoral Fragonard, all at about £24 a metre.

The Design Archives, which revives and slightly reworks



A bedroom at Hambleton Manor by John Fowler of Colefax & Fowler fame, showing an effective, archetypal use of Toile de Jouy massing it on bedcovers, on walls and at the window

some of the finest of the designs in the historic Courtauld archive collection, currently has three toile designs. The newest, *Liaison* (pictured below right) is printed on newly engraved copper rollers but the design is based on an authentic 1760-70 one printed by Oherkamp, the great textile company based in Jouy-en-Josas. In four colours, including the traditional green, blue, red and a charcoal, chocolate brown it sells for about £30 a metre.

The other two, *Amadeus* and *Harvest*, are screen-printed and sell at £24 and £21 per metre respectively. Burger and The Design Archives fabrics are available from good interior decorators.

Come the autumn there should be even greater choice. Jameson Design of 23 Elstan Street, London SW5 is working on some designs of its own and Colefax & Fowler already has a design well in train.

Authentic antique Toiles de Jouy, either in the form of old, used curtains or bedspreads, cushion covers or simply some odd pieces can be found at a small shop run by Christopher Moore, an ex-ballet dancer, called The Lacy Gallery, at 38 Leithbury Road, London W11.

There's now an English version of a beautifully illustrated and learned tome on the subject by a Frenchwoman, *Josefine Brühl, Classic Printed Textiles from France 1760-1843, Toiles de Jouy*, published by Thames & Hudson, £38.



*Liaisons*, a copper roller printed Toile de Jouy by The Design Archives from a 1760-1770 design. It has been adapted to suit modern repeats and is 137 cms wide. It comes in traditional green, blue, red or charcoal/chocolate brown on cream and costs £30 a metre from good interior decorators

## What's in a name?

**D**ROOPY & BROWNS isn't the most beguiling of names for a company but its four shops, in Edinburgh, Bath, York and London, seem to have carved out a special niche in reviving ballgowns for the young and wedding dresses for brides.

They are not cheap but they seem to bridge that yawning gap between designer names which cost the earth and chain-store numbers which don't have quite the individuality the Droopy & Browns customer seems to want.

Everything the shops do is designed by Angela Holmes and though she is best-known for the ballgowns and wedding dresses there is also a range of daywear, including suits, hats and anything else the well-dressed young woman might be looking for.

There are some 50 different designs in the bridal range, including the one photographed here, which can be made of Thai or wild silk, tulle or duchesse satin. All are made to order so any design can be made more personal. Called *Butterfly* because of its overtones of Oriental wrapping and swatching, it sells for about £1,900, depending on fabric. It is teamed here with Emma Hope shoes.

Droopy & Browns is at 37-39 Frederick Street, Edinburgh; 5 New Bond Street, Bath; 21 Stognegate, York; and 99 St Martin's Lane, London WC2.

When I first discovered David Rose and his costume jewellery repair service he seemed like manna from Heaven and clearly many readers thought likewise as they took their broken beads, their busted clasps, their malfunctioning bracelets to be mended in his workshop in Clerkenwell, London.

Anybody wondering where he has gone to and who will tend their much-loved, if inexpensive, pieces might like to know that he has moved to a new workshop in Ilford. Do not worry if Ilford isn't on your regular heat - David Rose runs an efficient mail order service and for £2.95 will return the mended pieces by registered post.

He supplies estimates in advance and will do his best to mend anything from a pair of cheap and cheerful earrings to your most precious pearls. His new address is PO Box 111, Ilford, Essex, IG5 0QY.

If you buy a Ciro dove brooch you do more than buy just another bauble - for every brooch you buy, £9.30, which represents the total profit, goes to Tom King's Gulf Trust, a fund established to aid our forces in the Gulf and their families. The war may be all but over, the forces soon coming home, but for some families life will never be the same. The dove is heavily plated in 18 carat gold, band-polished



'Butterfly' wedding dress from Droopy & Browns: about £1,900



Jewellery in a good cause: Ciro's dove brooch and tie tack

and finished in white enamel, set with Ciro imitation diamonds and sells for a total of £25. Alternatively you could buy a tie tack, also hand-polished and heavily plated in 18 carat gold, for £10, on which the total profit of £4.25 goes to the Gulf Trust. Or... you could always just send a cheque to the Gulf Trust, c/o the Ministry of Defence, Whitehall, London SW1 2HB.

The Alton Gallery at 72 Church Road, Barnes, London SW13 has always been one of my favourite sources of relatively inexpensive original works of art. It doesn't go in for the avant-garde but always has a good collection of 20th century British art of all sorts. For one day only, Saturday March 9, it is holding an auction at a nearby restaurant - Sonny's Restaurant at number 94 Church Road. Pictures are already on view, estimates range from £50 to £1,200 but most should sell for between £100 and £200. There are watercolours, oils, pastels, mixed

media as well as pencil drawings. The auction starts at 11.30 and goes on to 1.30.

Wastepaper bins do not loom large on the list of life's necessities but as most of us need them it seems more agreeable to buy ones that look good. However, this is easier said than organised - baskets, always look attractive but don't fit in with every room or house.

Cubbins & Co will paint or decorate bins to order, whether you want something plain or geometric, a clever piece of trompe l'oeil or just a bin to match a special colour-scheme. I like best the straight-edged painted or lacquered bins, but there is a nice one with a scalloped edge, silk-lined (but protected by special treatment), and painted. There is always a considerable stock of bins for buy. Prices start at £95. Write to Cubbins & Co, Rampisham Manor, Dorchester, Dorset DT3 0PT. Tel: 0935-83060.

L v d P

## A glimpse of the future in Chelsea

**I**N THE world of interior design there seems a general consensus that the long reign of the shabby, genteel country look is over - except, of course, for those from whom the interior designers copied it in the first place.

The owners of smart London

houses, small flats and apartments, Victorian villas and Edwardian semis seem to be feeling their way to a look that does not depend on ruffled blinds, flowery chintz and frills but wondering what, if anything, are the alternatives.

Back in January I predicted

that 90s living would be simpler, that there seemed a desire for strong, simple country furniture, for folk art, for fabrics like cottons and ginghams instead of sumptuous silks and satins. I also detect a turn towards the ethnic, with strong, almost primitive shapes and colours forming a steady influence in some collections.

Anybody longing to know what is happening in the thoughts of our leading interior designers and decorators might like to join in Chelsea Design Week on March 8-9 when 25 companies involved in interior design will be holding open house in their showrooms.

The companies vary from lighting experts such as John Cullen Lighting and Christopher Wray to furniture makers Soho Design, Simon Horn, George Smith and Kingcome Sofas and fabric manufacturers Pallu & Lake, Osborne & Little, Nobilis-Fontan and the newer Hodsoll McKendzie Cloths with its soft, subtle tones.

All the companies are launching new season's ranges so it is a marvellous chance to see complete ranges in their proper settings. Colefax & Fowler has launched a collection of wallpapers taken from 19th century documents from the archives of the Musée des Arts Décoratifs in Paris. Though, in my view, age is no guarantee of quality and simply taking something from an archive doesn't ensure desirability, these papers are lovely - enormous care was taken to get the colours right so that the brilliant deep blue or "Dames Galant", the soft slightly blurred design of "Petit Trefle", the rich yellow of "Dames Trianon" make for desirable papers. Not cheap - they range from about £20-£24 a roll - they can be seen and bought at Colefax and Fowler, 39 Brook Street,

London W1.

"Green-ness", as Caroline Clifton-Mogg points out in her introduction to the official booklet for Chelsea Design Week, is beginning to reach interior design. This chiefly takes the form of commitments about the timbers used. Peter Leonard of Soho Design uses a cherry veneer combined with machined steel for his Cubist Collection. Simon Horn uses cherrywood for some of his classically-inspired French beds.

Chelsea Design Week is aimed primarily at the trade and, of course, involves only companies that could loosely be described as being in the Chelsea area, though happily this does include many important operators. However, on March 8-9 the public are welcome - free. Go to the showroom of any of the participating companies - a full list and any other information can be elicited from Pelicans Public Relations, The Basement, 4 Charlwood Place, London SW1V 2 LJ or by ringing the Chelsea Design Week helpline on 071-233-5871. Minibuses circulate regularly so you can easily hitch a ride to the next showroom. It is a marvellous chance to cover a lot of ground and see a great deal.

The World of Interiors is also sponsoring three lectures. On Tuesday, March 5 Imogen Taylor of Colefax & Fowler will talk about "Colefax & Fowler through the Decades". On March 6, Tricia Guild of Designers' Guild talks on "A Celebration of Colour" and on March 7 Nina Campbell talks about "A Decorative Life". Lectures are at the Chelsea Harbour Rooms, Chelsea Harbour Market, Chelsea Harbour, London SW10 at 6.30 pm and cost £15 each or £40 for the three; tickets from Pelicans PR.

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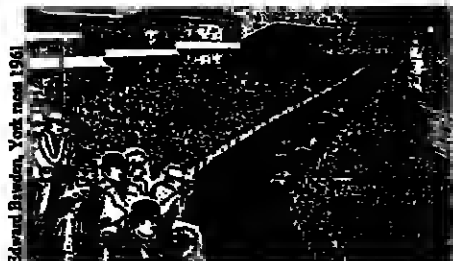
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## COLLECTING

# Maastricht makes the most of new blood

Susan Moore finds a subtle realignment and a confident outlook at this year's European Fine Art Fair

THIS YEAR'S European Fine Art Fair at Maastricht, Holland, says its organisers, is bigger and better than ever. More space, more stands, fresh faces - and half-price air tickets from Sabena.

Of the 138 dealers from 10 countries exhibiting, 38 are making their debut. New blood may bring a new clientele to the fair, and a wider variety of works of art, but freshness - in the case of dealers rather than their stock - is not necessarily preferable to the familiar. Four major London picture dealers have pulled out: Artisans, Colnaghi, Harari & Johns and Richard Green, as has New York Old Master dealer Richard L. Feigen. The projected BADA stand has also been cancelled.

What we will find as a result of this particular blood transfusion is a subtle realignment: a wider continental base - with many new exhibitors from Germany, and the strongest ever French presence - and an expanded Textura section.

Exhibitors appear to be confident, expecting, as Johnny van Haelst, the fair co-chairman, put it, "business as usual". Their confidence is based on the continuing buoyancy of the market in Northern Europe, particularly in Germany and Holland, and to a lesser extent Belgium - the source of some 85 per cent of the fair's 25,000 or so visitors. Moreover, the Old Master market also appears to be thriving: Impressionist and modern art has never been a major part of the fair's business.

That said, a handful of modern pictures are among the most interesting - and certainly the most costly - of the paintings on show this year. Los Angeles dealer Joseph M.P. Guttmann consigns a Modigliani portrait of Madame Madou

of 1917 with a price tag of \$7m. Amsterdam's Collectie Drs. Loek Brons offers one of Magritte's largest works, *Le Sens des réalités*, for \$5m, and London's Odette Gilbert Gallery, exhibiting for the first time, presents a Lucian Freud head in profile of 1981 for \$450,000.

Dutch and Flemish Old Masters, however, are the staple of Maastricht. It is a coasts-to-Newcastle congregation that for eight days offers the best selection in the world, with prices

across the board. Of particular note is a rich, recently rediscovered oil on copper wooded landscape by Jan Brueghel the Elder - "Velvet" Brueghel - which was acquired from a Brazilian collector by Newhouse Galleries Inc. of New York and Verner Amell of London.

It is an unusually large for a work on copper, 52cm by 72cm, is dated 1610, and bears the mark of the copper-smith Pieter Staes. Until recently, the landscape was known only through a less accomplished copy by Jan Brueghel the Younger. The price: \$12m.

K.J. Millenmeister of Solingen also claims a combination oil on copper by "Velvet" Brueghel and Hendrik van Balen, an only slightly smaller *Meeting of Jacob and Laban* of around 1620 (and a much more modest DM 850,000). The firm also brings a sylvan oil on panel of the Garden of Eden, signed R. Savery and monogrammed G.D.H. Hans Bol idealises the Antwerp landscape instead, in a 1591 tempera on parchment laid down on panel, signed in gold (Haboldt & Co).

Still-lives abound, tables groaning with shellfish, fruits and flowers, silver pots, ceramics, glass, rumpled linen - in fact any surface texture or colour that attests to the technical virtuosity of the painter. Jean-Max Tassel of Paris presents the impressive and fascinating *Clearing the Banquet*, perhaps the most Caravaggesque canvas by Sebastien Stoskopff.

An honorary Flemish still-life is a version of Chardin's



*Still-life with a joint of Lamb*, another Tassel offering. Signed and dated 1730, it is one of a group of modest kitchen still-lives that witness the artist's delight in contrasting hard, gleaming bronze with soft terracotta, brittle basketwork and the textures of nobly vegetables and raw meat.

Munich works-of-art dealer Konrad Bernheimer describes Maastricht as "the most beautiful international fair on the Continent, and the best truly international fair in Europe." He, like Antwerp dealer Jan Dirven, a member of the Maastricht board, believes the market is "as strong as ever for anything really exceptional."

"The only thing that worries

Left: a recently rediscovered oil on copper landscape by Jan Brueghel the Elder. Verner Amell/Newhouse Galleries. Below: Han dynasty pottery horse and rider, on show at the Vandervlen & Vandervlen stand.

Konrad Bernheimer offers a Louis XV telescopic table by Pierre Damiot, said to have been given by Queen Antoinette to her sister Marie-Anne of Austria, a rare Tang horse - Vandervlen & Vandervlen sends an engaging Han pottery horse and rider - and a pair of large blue and white triple-gourd Kangxi vases.

Oriental art is the focus of Spink's stand, itself incorporating a vast 19th century Indian stone arch. According to Ben Janessens, Maastricht has proved important for developing the firm's client base in Germany and Italy. This year he bridges an impressive Wazli black and gold lacquer cabinet, and groups of Himalayan art and Islamic jewellery. Linda Wrigglesworth, who specialises in Chinese costume and textiles, is previewing an exhibition of accessories worn by Qing courtiers.

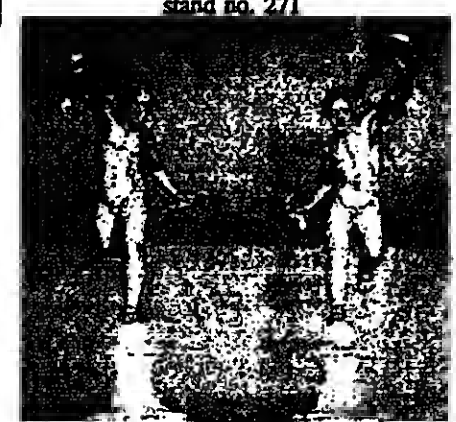
Textiles and carpets have been a distinctive feature of Maastricht since 1988, limitless and fairly inexpensive space making it an ideal venue for showing textiles. This year, the seven dealers of the Textura section have ceded to pressures from outside to expand, inviting five guest members as a prelude to taking new members on board. With Europe's most distinguished dealers exhibiting, Textura promises a spectacular visual feast.

The Textile Gallery's exhibition here is a fascinating selection of early Aymara tapestries from Bolivia and an important collection of Anatolian carpets of the 15th to 17th centuries. A 16th century Brussels "Gothic" tapestry comes via Davide Halevin of Milan. Eberhart Herrmann of Munich will use a variety of rugs to illustrate his controversial theories of animal symbolism. Persian tribal weavings are due from Galerie Neiriz of Berlin, and Scandinavian weavings from J.P. Willborg of Stockholm.

The European Fine Art Fair, with its accompanying programme of concerts and lectures, is at the Maastricht Exhibition and Congress Centre March 9 to 17. Sabena World Airlines offers a 50 per cent discount on all first and business class tickets from anywhere in the world to Brussels for fair visitors. The booking form is in the Maastricht leaflet, available from The European Fine Art Foundation, P.O. Box 1065, 5200 BA 't Hertogenbosch, The Netherlands. Tel: (31-73) 45165. A minibuss service is offered between the airport and MECC. Next stop, the Salon de Mars in Paris, March 19-25.

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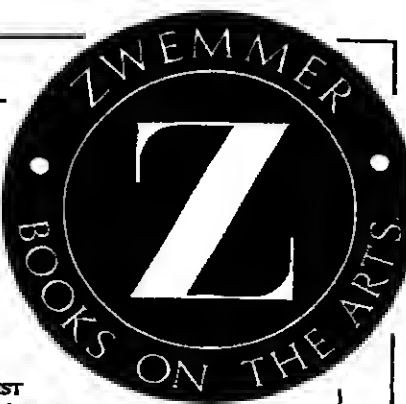


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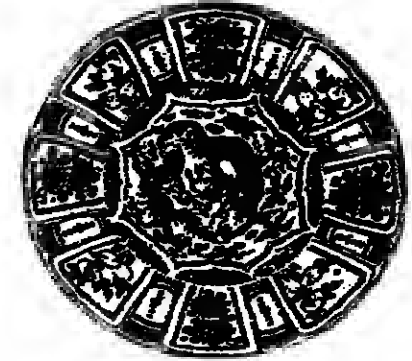
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# National art treasures without price

French museums need little cash to acquire art, says Nicholas Powell

THE GOLD crown made in 1855 for Napoleon III's first wife, Eugénie, encrusted with 2,480 diamonds and 56 large emeralds, is blazing away behind very thick glass in a case in the Louvre. The crown, the only one ever worn by a French sovereign which has survived intact, is one of 136 items, ranging from medieval ivory carvings to Renaissance pharmaceutical pots and Sevres porcelain vases acquired by the Louvre's department of objets d'art over the past five years which were recently shown off together in a basement under the Pyramid.

Just across the Seine, meanwhile, the Musée d'Orsay is holding an exhibition of over 200 19th century works of art chosen from among the several thousand it has managed to acquire since 1983.

Both shows illustrate what two museums have been able to do in the face of stiff competition in a robust art market - a question raised recently when the departure from Britain of Constable's *The Lock* highlighted the meagreness of the £13m budget for acquiring art shared annually by all of Britain's museums and galleries.

France's curators are not much richer than their British colleagues. Between 1985 and 1989, those in the 34 state-run *Musées Nationaux*, which include the Louvre and Orsay, spent FF61m (£46m) on acquiring art. The thousand or so other museums in the land,

meanwhile, had a meagre annual budget in 1989 of FF7m, with occasional additional help from Ministry of Culture funds.

Barely 40 per cent of the FF61m came from the state - gifts, ticket money and revenue from commercial activities made up the rest. "Dations", art works donated in lieu of death duty under a law of 1968, accounted for a further FF16m worth of art, in fiscal not market terms. A special room named Salle Rothschild opened in the Louvre in December to house furniture and porcelain recently settled on the Louvre as part of a Dation by Baron Edmond de Rothschild.

Some 30 per cent of recent acquisitions have been gifts. Empress Eugénie's crown was among FF22m worth of works given in 1988 by Cuban-born American money manager, Roberto Polo, who embarrassingly had to flee France shortly afterwards when an international arrest warrant citing \$110m charges of embezzlement arrived from New York with his name on it. The Louvre nevertheless included Roberto Polo sportingly on the list of donors which hung on display in their exhibition and included several of Paris's leading dealers. Bernard Steinitz and his wife gave ten 18th century Limoges plaques depicting the *Passion of Christ* and which complement other acquisitions in that field. Maurice Segoura gave part of an extraordinary set of French



Queen Christine of Spain bought this bronze travelling clock from the celebrated Paris based company Breguet in 1637 for FF6,000. It will be among 200 clocks and watches made by Breguet to be auctioned by Hapburg of Geneva on April 14. The clock carries a top estimate of SF250,000 (£100,000). In all the auction is expected to top \$2m.

Abraham-Louis Breguet was born in Switzerland in 1747 and is credited with developing the modern, reliable, watch. Archduke Goza von Hapburg has spent two years assembling this impressive collection of Breguet workmanship. Some sectors of the art market are in deep recession but demand for finely crafted clocks and watches, has kept up prices.

boudoir furniture of 1819 made of gilt bronze and plaques of crystal.

The Duchess of Windsor acquired a little posthumous artistic respectability with the two 18th century French snuff boxes she bequeathed. In addition to their zeal and their connections, French curators enjoy an arsenal of legal measures enabling them to make sometimes spectacular interventions in the art mar-

ket. They have been unusually active recently in auction houses. As part of a drive to refurbish the apartments at Versailles they pre-empted the sale of eight chairs made by Georges Jacob for Marie Antoinette at Sotheby's in Monaco for FF1.6m. A fortnight previously, a large donation enabled them to pre-empt Delacroix's broody and mystic *Madeline* of 1843 for FF10m.

There are willier and more

controversial procedures than straightforward purchase: there have been cases of pre-emption at Customs when museums have failed to pre-empt at auction and the threat to knock down prices by preventing an object from leaving the country has been used to wrest concessions from auctioneers and sellers. A year ago Culture Minister Jack Lang only promised an exit visa to Picasso's *Noces de Pierrette* of

1905, which went on to sell for FF300m, after the owner bought the artist's rare blue period *Celestine* and donated it to the Musée Picasso in Paris.

In her exhibition catalogue meanwhile, Musée d'Orsay director Françoise Cachin notes that her museum has spent less in seven years on acquiring art than a Japanese insurance company in seven seconds at an auction sale. That is partly explained by the fact that few of the items enriching Orsay's wide ranging collections, apart from a hazy Renoir portrait and some Galle glassware are suitable to excite Japanese lust and become Cachin and her curators are quite as canny as their colleagues at the Louvre.

The Orsay exhibition includes works from the mid-19th century until the First World War covering all important aspects of art during that period. It includes Serusier's *Le Tullisier* of 1888, acquired thanks to donations, seven pastels and watercolours by Degas, only two of which were bought, and nine early Nabi works by Bonnard, only one of them a purchase.

Possibly the most famous acquisition is Monet's *La Pie* of 1868 which has been hung temporarily opposite another snowscape, Charles Francois Danby's melancholy *La Neige* of 1873. Kodak gave over 1,000 photographs and Odilon Redon's decorative genius is represented by a series of magnificent panels painted for the Chateau de Domercq in 1901. There is furniture by, among others, Hector Guimard, Adolf Loos, Otto Wagner and a desk and table by Charles Rennie Mackintosh.

Cachin raises another question capable of raising hackles in Britain in her preface - entrance fees. "I would like to thank the 10m or so visitors who have come to Orsay since it opened in December, 1986. Do people realise sufficiently that the acquisition budget of our museums depends enormously on entrance fees - that is to say, them?" she writes.

## A connoisseur's joyful gift

THE CURATORS of Brussels are smiling. Not only has a famous Belgian art connoisseur left a collection which includes Chagall, Picasso, Miró, Klee and Hockney to the *Musées Royaux des Beaux-Arts*, but the museums have inherited her house and its lavish contents as well, to be sold - along with any paintings they cannot find room for - to set up a fund for acquiring works by living artists.

This is the story of old money and new pictures. They do not make collectors like Benedict and Alla Goldschmidt any more: art lovers who bought what they liked, hated talk of value - Dicky, as he was always called, used to say that if he wanted to impress people he would pin a cheque on his wall - and never speculated. In their lifetime - he died in 1972, Alla in 1989 - they sold just one picture: a

Dali, because they did not like the painter's politics. Their passion was for supporting young artists and their highest term of abuse, "naphthalene" (mothballs), was reserved for things old-fashioned. Dicky was a financier whose grandfather founded the Banque Degroot and whose father Robert was a fashionable "inventor" in the early years of this century. Popular with the Belgian kings, his successes included a type of hovercraft and the first Belgian airship. He also collected contemporary Belgian paintings and commissioned the young Leon Spilliaert to paint his flying machine in *Dirigeable dans son hangar* in 1910.

Dicky inherited a job at the bank and a collection of works by Spilliaert and James Ensor, including the jokingly morbid painting of two skulls competing for a sour herring (with the

right accent, "hareng-saur" sounds like "art Ensor"). During the depression, he extended the range by buying at the bankruptcy sales of unlucky galleries - the four Chagalls which hung in the entrance hall of the Goldschmidt home in the Avenue du Congo came this way. One of the museum's greatest trophies, an austere de Chirico, *La Mélanchole d'une Belle Journée*, also dates from this time - Dicky paid Paul Eluard FF1,000 for it.

When Dicky and Alla married in 1949, theirs was a golden life of parties, vernisages, receptions for the young artists they loved. Then, days after Dicky's 50th birthday party on Christmas Eve 1955, it was sliced through by tragedy when Alla's son Guy died in an accident. (The event is marked by Serge Poliakoff's *Gris et Rouge*, dedicated in memory of Guy.) As if in compensation,

the Goldschmidts became even more hooked on youth, on finding new talent.

The Goldschmidt bequest was exhibited in the Brussels Museum of Modern Art earlier this winter in a show whose exuberance lay in the sense of discovery of what was new in art by two generations of Goldschmidts: from Henri Evenepoel's 1896 portrait *Le Chimiste* of Robert, the intellectual in his laboratory, to his Belgian successor, Gaston Bertrand, a close friend of the Goldschmidts who painted brilliantly ironic *Variations around a Portrait of Dicky* and Alla in the '50s. It was a splendid mixed bag, not a dud in the show and something to suit all tastes; fascinating as few such collections are because it let you so intimately into the lives of the collectors.

Jackie Wullschlager

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## BOOKS

## Cool look at a fiery philosopher

Anthony Curtis on one of the touchiest great men who ever lived

IN 1786 Dr Johnson gave his opinion of his great French contemporary, "Rousseau, Sir, is a very bad man. I would sooner sign a sentence for his transportation than that of any felon who has gone from the Old Bailey these many years. Yes, I should like to have him work in the plantations." But was Rousseau, Boswell persisted, as bad a man as Voltaire? "Why, Sir, it is difficult to settle the proportion of iniquity between them."

Boswell confessed to being puzzled. "This violence seemed very strange to me, who had read many of Rousseau's animated writings with great pleasure, and even edification; had been much pleased with his society, and had just come from the Continent, where he was very generally admired."

A mixed response to Rousseau, recognising his genius but veering from intense loathing to equally intense admiration, continues. For more than 200 years he has remained a highly controversial figure, a man whose work concerned about society has to come to terms. The period covered by Professor Maurice Cranston's new volume - part two of a three-volume life - is 1764 to 1782. Those were the years when, over-coming poor health, Rousseau wrote and published the major works that have fuelled the controversy: *Julie*, or the new *Héloïse*, *Emile*, *The Social Contract*, and at the end of this book, Rousseau has just started to write a series of letters addressed to Malesherbes, the director of Publications in Paris, that will form the nucleus of the *Confessions*.

Cranston deals with the period of Rousseau's years of wandering in his first volume, *Jean-Jacques: The Early Life and Work of Rousseau* (published in 1983), where he traced the remarkable rise of this Swiss watchmaker to a Swiss baroness, Mme de Warens, who became for a while his mistress. He then had a brief career as a junior diplomat in Italy before going to Paris. In this volume Rousseau's years in Paris as a contributor of philosophical articles to the great *Encyclopédie* edited by Diderot are drawing to a close. He has absolutely detached himself from the party of the "philosophes", he tells Mme de Créquy. Rousseau's combative nature leads him to attack publicly his former colleagues of the Enlightenment, especially Voltaire, of whom he succeeds in making an enemy for life. Meanwhile the rich pro-

testresses continue, one following another, duchesses and countesses from the court at Versailles, who sit at Rousseau's feet, lap up his radical opinions, share his delight in the natural world, and await impatiently their personal copies of his latest works.

Although he must have been one of the touchiest great men who ever lived, always ready to take offence where none was intended, Rousseau was also capable when he wished of exercising irresistible charm. Mme d'Épinay was the first to fall: much to the disgust of her current lover, Baron Grimm, another great friend who became transformed into an equally great enemy of Rousseau's. She gave Rousseau use of the aptly named *Harmange*, an isolated farm-house near her chateau in the valley of Montmorency.

THE NOBLE SAVAGE:  
JEAN-JACQUES ROUSSEAU  
1745-1762

by Maurice Cranston

Allen Lane/The Penguin Press £25, 399 pages

of Montmorency, Rousseau set up house there with his working-class mistress Thérèse Levasseur and her elderly mother.

His treatment of Thérèse reveals the most notorious discrepancy between Rousseau's practice and his preaching. He had five children by her, all of which he sent at birth to the foundlings' hospital in Paris. Yet in *Emile* he inveighs with Dickensian fervour against the professional wet-nurses who bound their charges in swaddling clothes. Cranston sheds a chunk of fresh light on Rousseau's callous abandoning of his natural children (maliciously revealed to the world at large by Voltaire). Rousseau felt genuine if belated remorse and made an unsuccessful attempt to trace the whereabouts of the eldest, a daughter.

In addition to his voluminous published writings, Rousseau wrote thousands of letters on which Cranston has drawn to give an acute sense of Rousseau's fleeting moods. His growing passion for Mme d'Épinay's sister-in-law, Sophie d'Houdetot, is something we can watch evolving by the hour. She was the model for Julie, heroine of *The New Héloïse*. When this book was published in 1761 it "transformed Rousseau," Cranston tells us, "from a celebrated author into the object of a cult."

Like all authors Rousseau had problems with his publishers and here again there are daily, almost hourly, misfires. His problems arose not only from extreme fussiness about such details as the thickness of the paper and the stitching of the binding, but also from the subversive nature of the contents of his books. They had to be licensed for publication by the royal watchdog. One way round this was to publish them in



Holland. Unfortunately Dutch publication did not prevent books from being pirated by rascally French publishers. Rousseau's loyalty to his Dutch publisher Rey cost him dearly. Nor when *Emile* and *The Social Contract* came out did it prevent a warrant for his arrest in France. Not only were the authorities out to get him personally; he fell foul of an anti-Protestant backlash.

This volume represents an exemplary, cool treatment of a fiery, difficult subject. In undergoing years of intensive research on letters, journals and other private papers, many biographers become uncritically identified with their hero. Ackroyd speaks as Dickens, Holroyd takes over the prolixity of Shaw. But while always remaining sympathetic and fair-minded, Cranston is critical and aloof. He has an alert eye

both for significant trivia and for fundamentals, for processes of body and mind, passion and intellect. The history of Rousseau's lifelong problem with what doctors sometimes euphemistically call "the waterworks" is discussed just as fully and lucidly as the evolution of his crucial notion in political thought, "the general will", its debt to and deviation from, kindred concepts formulated by Hobbes and Locke.

The reader is left with the spectacle of this eminent man becoming a fugitive. Indeed it looks as if Dr Johnson's wish for a criminal conviction will be granted. It is only thanks to the intervention of influential friends and patrons that Rousseau escapes on the final page to his native Switzerland. Let us hope it will not be too long before Cranston reveals how the story ends.

## Trains of thought

A.L. Rowse muses on the cultural, literary and historic consequences of the great railways

THOUGH HARDLY qualifying as a railway buff, I can tell a masterpiece when I see one, and this book strikes me as being as masterly as it is enjoyable. Professor James Simmons is our prime authority on Railway History. Two previous books are more technical and descriptive. In this book, he places our railways in full context, and we see how much the Victorian age, indeed, it is hardly possible to imagine the country without them.

Here everything significant is dealt with, and it makes a fascinating story. Something to be proud of, too, for in railway construction the Victorians led the world, building railways overseas as well. London also built the first underground railway anywhere in the world. It was all done by private enterprise, different from most countries, where governments led the way.

Here we have chapters on tracks, engines and engineers, the raising of capital, finance, entrepreneurs; the carrying of mails, relations with the Office; newspapers, bookshops, stations. Then there are cultural consequences. Not quite as much as might have been expected, though a few historic castles, churches and prehistoric sites were sacrificed, and a swivel mess created around Southwark Cathedral, on Ludgate Hill and in the approach to Shrewsbury. On the other hand, the famous walls of York were very judiciously pierced; and we were given those splendid stations at Newcastle and Huddersfield, architectural monuments of the age.

The main lines of the British railway system were driven through at high speed with all the energy, conviction and power of the early Victorians: some £200m was invested in the early trunk lines alone. It was a ruthless affair. But the cultural tracks are no less remarkable. Look at literature. Dickens gives prime expression to the new phenomenon - he was also quite seriously involved in a railway accident. Trollope comes not far behind.

THE VICTORIAN  
RAILWAY  
by Jack Simmons

Thames &amp; Hudson £28, 416 pages

RAILWAYS: AN  
ANTHOLOGY  
compiled by Jack  
Simmons

Collins £16, 259 pages

and Hardy emerges as the most railway-minded of the poets.

I miss Macaulay's chortling tribute to the new speed. "Why, a man may breakfast in London and dine at York!" he was gratified to see his history displayed on the bookshelves. Matthew Arnold was more surprised to find his poetical works there. Would we today? How serious-minded, how earnest, Victorians were! The Duke of Wellington evaded company by having his coach placed on a flat truck and travelled in that, but when he needed to respond to a call of nature, the most famous man in England could not avoid being followed by a crowd.

The competitive spirit was given full play in that age. I



Lithograph by George Hawkins (1849): Building the Britannia bridge across the Menai Strait

## Fiction

## Tales of this century

LIKE CITIZEN Kane, who dies murmuring a word (the suggestive "Rosebud") with no significance anyone can see, the dying heroine of *Asya* refers to a mystical experience she had when she was five, which no one by then can identify. This weird memory of crossing a broken river and seeing a huge skating figure gives the book its most eloquent, poetic moments: perhaps because it is the only thing unexplained after all other mysteries are solved and loose ends tied.

Michael Ignatieff's first novel, though not of course his first book, is something of a thriller in the late Le Carré sense. It is also thrilling in that it keeps the reader guessing, on edge, wanting to know more, and is much more knowledgeable about the background of East-West, Red/White, Left/Right than most such tales, as there is an autobiographical element in its family history.

The turnabouts of the past year, the circular as opposed to the confrontation nature of 20th century politics, mean that nothing in enmity and alliance is now clear-cut. That people can betray and lie to their intimates for a lifetime we know from true stories: every family has had its Enigmas. When Nikl, son of White Russians, says: "Who in Europe is going to do something about Bolshevism? Adolf Hitler," one may still be shocked, but when Nikl's half brother says: "Nikl wanted to come home, so he went back with the German army. His father wanted to come home, so he crossed back into the Soviet Union with help from the Gestapo. What's the difference? Or have you forgotten about the Hitler-Stalin Pact?" one broods and wonders. Perhaps human rights are the only touchstone who tortures, for whatever reason.

Asya clearly bewitches her creator and that is the book's weakness: he is not detached enough to see her as often terrible, not really up to her role of irresistible charmer, beloved by everyone, even in old age. She is "fine boned and delicate

lover is sent packing, a new way of life rejected. The two aspects of her life - Irish politics and lifestyle in which someone like her has no place, and sexual manoeuvres in which her father and the husband he chose for her have both exploited her - are fused with unobtrusive symbolism.

Short, almost a novella, this is finely written but marred at the beginning by confusing experimental techniques which lose the story momentum because for too long one doesn't know who's who or what's up. But successfully experimental and wholly original is the dialogue, meandering, interrupting, self-centred, choppy; and since much of the tale is told in conversation, its realism is brilliantly effective.

*Such a Long Journey*, set in Bombay, is a first novel and full of promise; its accent is Indian, fitting, foreign, Gustad is a Parsi boy whose life is narrow and by western standards poor. Schrah, his elder son, is rebellious, Roshan, his much loved small daughter, falls ill, his best friend at work dies, and his greatest friend of all, Jimmy, suddenly vanishes. It is Jimmy who draws him into the wider world of politics, prison and government racketeering; in which he remains kindly, a little tetchy, untouched by guile or malice, a lovable middle-aged hero without any heroic pretensions. Like him, the book's atmosphere is thoroughly likeable, gently humorous, recalling, a little, the early Naipaul.

*THE INVISIBLE WORM*  
by Jennifer Johnston

Sheila-Stearns £12.95, 182 pages

SUCH A LONG  
JOURNEY  
by Rohinton Mistry

Faber &amp; Faber £13.99, 339 pages

of feature" with "long, finely turned limbs, black curly hair, pale white skin and lustrous black eyelashes and moss-grey eyes". With all this she enchants on sight, and long-term as well; and in her world of intrigue, she is an innocent. Despite some incredible coincidences, the plot works. In any case our century (on the stroke of which, mid-night 1900, Asya was born) is strange enough for the dramas of history to outdo those of fiction.

Jennifer Johnston has written superbly about what in *The Invisible Worm* she calls an endangered species, the Irish Protestants in the Republic. Once in the ascendancy, now at the tail end of their history, hedged and unconsidered in the thriving new European Ireland, Leura's house, crammed with inherited pieces, has come down through the family women for three generations; she and her mother both married Catholic politicians. Childless, unsocial and locally considered odd, she is uncovering a summer house buried under brambles in which, it is clear, something happened long ago. The most dreadful... she then tried to tell her mother. "You know. That thing. I don't know the name for it. He did that thing to me." Her handsome, beloved father, after months of alarming approaches, has raped her. Incest, the last taboo, is now perhaps the only sexual shocker and much used in recent fiction. All is explained - Laura's withdrawal from almost everything. A potential

lovely sent packing, a new way of life rejected. The two aspects of her life - Irish politics and lifestyle in which someone like her has no place, and sexual manoeuvres in which her father and the husband he chose for her have both exploited her - are fused with unobtrusive symbolism. Short, almost a novella, this is finely written but marred at the beginning by confusing experimental techniques which lose the story momentum because for too long one doesn't know who's who or what's up. But successfully experimental and wholly original is the dialogue, meandering, interrupting, self-centred, choppy; and since much of the tale is told in conversation, its realism is brilliantly effective.

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Isabel Quigly

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## Long live Pacific chic

Michael Thompson-Noel finds the globe upended

SOME HISTORIANS, says Simon Winchester at the start of this ambitious and satisfying book, question whether the primacy of the Atlantic is truly past, and wonder whether the 56 countries grouped around or within the Pacific Ocean have the ability to assume world leadership.

I bet they do. I have lived in the Pacific and have jetted back and forth across it many times, stopping here and there - Auckland, Los Angeles, Honolulu, Seoul, Hong Kong, Manila, Port Moresby, Vanuatu, New Caledonia, what have you - to enjoy what George Bush would regard as commendable dollops of R&R. But I have always had trouble thinking of the Pacific as a place or an entity, let alone an area readying itself to take what Winchester calls, cutely, the "torch of world leadership" from the nations of the Atlantic.

Left to my own devices I would happily go along with

Robinson Jeffers, who saw the Pacific as "...half the planet: this dome, this half-globe, this hugging Eyeball of water, arched over to Asia, Australia and white Antarctica... the staring unsleeping Eye of the earth".

Winchester, however, has no doubts that the Pacific, once merely big, "is now endowed with very considerable power which seems likely to grow and grow." The Pacific era, he reckons, will reach its full flower in two or three decades' time, though how long its supremacy lasts "cannot even be guessed."

At the outset, the author explains that he knows very little of economics and that he shines from statistics. Yet there is one event, he says, which

brought the Pacific's surge alive for him and which happened, though it cannot be wholly proved, seven miles above the earth on a Friday night in May 1984.

Until that Friday night, slightly more than half the world's fleet of commercial

THE PACIFIC  
by Simon Winchester  
Hutchinson £19.99, 301 pages

jumbo jets actually up in the sky were known by the air traffic controllers to be flying across the Atlantic. But then something happened. Suddenly, more than half the world's big 'planes known to be in the air were recorded by the controllers as being above

the Pacific, not the Atlantic. Just four weeks later (Dublin, June 1984), Ronald Reagan claimed that the countries of the Pacific basin were "leading mankind into a new age of enterprise and progress." Suddenly, Pacific chic was in. A US State Department spokesman talked of a shift in the centre of gravity of US foreign policy towards the Pacific basin and particularly towards Japan. George Shultz said there was a new reality in the world.

Mikhail Gorbachev (Vladivostok, July 1988) talked of a "renaissance in world history" taking place along the Pacific rim. Deer old Gary Hart claimed that the Pacific had become the 20th century's "fountain of youth", and the governor of California thought that, economically, the sun was now rising in the West. So far, so fuzzy. However, what Simon Winchester does is largely skirt the statistics and rhetoric and offer an affectionate portrait of the area by concentrating on the people, landscapes, philosophies and histories of the places that together form Herman Melville's "hide-beating heart of the world."

There are some excellent maps, an adequate index and a generous five-page bibliography. Above all there is the energy and skill of a talented journalist fitting hither and thither and then hovering, like a honey-bird, at this or that location until he has sucked out the nectar. (Winchester says he has visited virtually every country and island group in the Pacific but that, try as he might, the four islands of the Pitcairn group still elude him.)

The Pacific is the best sort of travel book - just the thing for your next world cruise.

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Brezhnev.

The circumstances of his appointment in 1972 to the UN have not yet been elucidated. It is known that the alternative candidate, the Finnish and Jewish Roman Jakobson, was not acceptable to the Soviet Union, for fear that he might counteract their sponsorship of the Arabs against Israel. Collusion seems to have occurred between the two super-powers to promote Waldheim as a compromise candidate. There was a hold on him; he would do what he was told under threat of disclosure of his past. Sure enough, in office he specialised politically in taking the line of least resistance, appeasing the stronger party and fawning on tyrants great and small. Under Waldheim, the UN lost much of its claim to have moral influence. He also failed to stand up for his staff, and they became demoralised.

Justified contempt for this Secretary-General is one thing, condemnation and dismissal of the UN another. Blurring this distinction, Hazzard scatters her shot, and that is a pity. The UN remains what its members make of it, and right now they are not in church but working to secure international law and order in the Gulf. To tar the whole organisation with the Waldheim brush is crude, inappropriate, and as it turns out, anachronistic.

## It's tough at the top

David Pryce-Jones on past UN Secretary-Generals

COUNTENANCE OF  
TRUTH  
by Shirley Hazzard

Chatto &amp; Windus £9.99, 178 pages

some of them were victimised. The loyalty of the staff to the organisation was irretrievably undermined. Heavy weather is made of this. Trygve Lie is cast as a willing accomplice of McCarthyite persecutions. The Cold War context of that time is not properly acknowledged, and nowhere is there an account of the ingenuity and persistence with which the Soviet Union has always placed its agents in positions of influence throughout all the branches of the UN. The

help reflecting a mess of conflicting interests. Attacking the character of successive Secretary-Generals, Hazzard is on firmer ground. Dag Hammarskjöld and U Thant were indeed peculiar and inscrutable choices for the post - the point is made that anyone of genuine capacity can hardly be spared from his native country.

Of all who have held this position, though, the weirdest and most damaging has been Kurt Waldheim. As an officer in Hitler's army, he was active in highly suspect circumstances against partisans in the Soviet Union, in Greece and in Yugoslavia (where he was on a short-list of the thirty most wanted Nazi war criminals). C. M. Woodhouse has shown how Waldheim had been aware - to put it no higher - of the murder of British soldiers from the Special Boat Section captured in uniform on active service. About all his wartime postings and duties, Waldheim has lied and prevailed.

The image of this man, Hazzard writes sarcastically, is best caught in the remarkable set of decorations that he sports, for these include Hitlerite medals from the Russian and Balkan fronts, and several given by Leonid

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## TRAVEL

A Civilised Weekend  
Stratford,  
the nice way

LAST YEAR I outlined the components of a Civilised Weekend in Stratford-on-Avon and suggested that Stratford itself was short of genuinely hospitable places to stay at.

This was an over-churlish attitude brought on by a single bad experience, but many readers subsequently echoed my opinion that Stratford was vile, and some pointed to the virtual monopoly on hotel accommodation there exercised by Trusthouse Forte. Another reader drew my attention to the ways in which Stratford is built: trees, he tells me, dislike the Shakespearean soil.

Trustless, and trusted up by Trusthouse, Stratford as a town seems irredemable to many visitors, who are nevertheless drawn there by the Royal Shakespeare Company. I now offer a solution: avoid the town and base yourselves on the northern edge of the Cotswolds.

From somewhere like Chipping Campden it is only half-an-hour's drive to Stratford: the road takes you straight by a large long-stay car park from which the RSC theatres are easily reached on foot. Campden will please those in search of the Elizabethan atmosphere, at least in terms of its wool-decent architecture; it also offers some decent walking and is the head of the 65-mile Cotswold Way whose feet, so to speak, stand in Bath.

I tried a hotel between Campden and Shipston-on-Stour called Charingworth Manor. It sits on the last rises before flat Warwickshire begins and is pleasantly imposing. Bedroom space is limited - I was lodged in a converted pigsties, quite commodiously, and the atmosphere accordingly easy.

Despite the now-obligatory touches of "country-house" style, such as mock antique hunting prints, the feel of a house is still there. I go along with whoever it was who said that breakfast and tea are the only meals really worth having in British hotels (Somerset Maugham?). These are meals that ought to be relished when one goes away, and the Charingworth's are no disappointment.

T. S. Eliot is remembered to have penned the first of his *Four Quartets* in the house. Burnt Norton, whence the poem takes its title, is a few miles to the north of Campden: the story is quite plausible. Eliot came this way for quiet gardens and peace. Unlike him, you do not have to be on the run from an inebriated spouse in order to appreciate the winter jasmine at Charingworth or the sanctified calm of St. James's in Campden. It isn't cheap, but it puts you in just the right frame of mind to take some Shakespeare at Stratford.

Charingworth Manor, tel: 058-678555. There are various short-break tariffs starting at \$56 per person per day (dinner plus bed) rising to \$76 pppd from April 1.

Nigel Spivey



Old Country: Donegal has an air of belonging to the past. Farmers cut peat and look for their sheep, which are free-range to the point of hedge-leaping lunacy

## A walk in the Donegal rain

Teresa McLean enjoys a visit to wild Ireland where clouds drift in and time drifts by

Donegal, the small county town, has a castle and central square geared towards tourism.

Across the county border in Sligo, the county town is bigger. It was having a festival weekend when we were there and was in a boisterous mood, full of people, including plenty of young people and a good scattering of roadside entrepreneurs selling hand-made jewellery and bits of folk art.

It had a vigorous and lively air. There were so many Irish folk music concerts in the pubs that it was well nigh impossible to get a drink or a meal without pipes piping and fiddles fiddling and people springing up like fungi to sing, smoke and recite poetry while the musicians drew breath.

Lunch is never a good idea in Ireland, with or without a festival, and Donegal is no better than anywhere else. Food is for those who cannot get a drink and requests for food, even a sandwich, are treated as insults to the local supply of alcohol which mainly consists of whisky and

thick, dark, slow-pouring Guinness.

The only way to get a good meal is to stay, as we did, in an old rectory or grand old house which has been turned into a hotel and restaurant. We had heroic breakfasts, after which we walked all day, looking for wild flowers, birds and butterflies inland, or avoiding jellyfish and looking for crabs and friendly seals along the miles of sandy, windswept beaches and the high, spectacular cliffs at the ocean's edge.

The trick is to miss lunch and get back to where you are staying late. In time to dry out by the fire before dinner. Ours were delicious, though vegetables are a rare, expensive luxury. Three times we had dinner out, in new restaurants. Our hostesses told us about them and were happy to baby-sit while we went out, provided we told them every detail of what it was like the next morning at breakfast. We ate well and the restaurants were packed.

Local fish are few and far between in Donegal, where the fresh sea fish are sent

straight to markets in the big towns. As far as local buyers are concerned, wild salmon are almost a thing of the past.

Salmon farming is big business and provokes strong feelings among neighbouring fishermen, whose hauls from sea lochs like Lough Swilly are a small fraction of what they were before the coming of the farms. If a few salmon or sea trout do manage to find their way up the rivers, poachers fall upon them to sell or take home, tokens of the plentiful past which was still alive and well only a few years ago.

Any Donegal native will tell you at length about the pros and cons of salmon farming, about present-day problems and old-time problems, the traditions he learnt from his fathers and is losing now. Everything is in the hands of destiny. Conversation on any subject, even something as mundane as where to find the shops, is shot through with the feeling that it is no use fighting against destiny. There is not much point doing anything except talking and having a drink.

No-one has a sense of time. If you want to catch a bus at 11 am, as did a friend on holiday with us, you would be foolish to make your way towards the pick-up point until noon. The bus we wanted was 1½ hours late reaching Letterkenny and two hours late leaving it on its way to Belfast. It stopped at every house where someone waved at it to stop and went up numerous lanes to collect and deposit people at remote farmhouses, arriving at Belfast hours late. But the plane was an Irish plane and waited for the bus.

Don't go to Donegal if you like to get things arranged in advance, to lie on beaches, shop in colourful markets or eat romantic meals. Go if you like to talk for ages about nothing in particular, walk along windswept shorelines and climb rocks for hours on end, day-dream, search for the remains of ancient Celtic shrines, churches and wells, bounce along narrow, rollercoaster roads behind herds of cows and small the sweet, acrid smell of peat while you dry yourself by the fire after a wet day out in wonderfully fresh air.

The future of skiing  
takes a bow

Arnold Wilson joins 2.9m novices on Japan's crowded pistes

I HAVE skied the future, and it is stamped "Made in Japan".

It is 4 am. I am skiing under huge arc-lights and if this is the land of the rising sun, let it rise soon because I am treading to death. My jaw would like to drop with amazement at the scenes around me but it is frozen. This is Naeba in the northern Japan Alps, where the Japanese take skiing to its extremes.

Part dream, part nightmare, it has little to do with rustic villages, yodelling instructors or other traditional forms of *gentle* skiing found in the European Alps. The Japanese flock here from Tokyo by the train and coachload, sometimes not even bothering to book a room.

Many leave the capital after work, arrive at the vast (4,000-bed) Prince Hotel, said to be the biggest ski resort hotel in the world, at around midnight, take a nap on a bench in the locker room and are out skiing when the first lift opens at 4 am. The other lifts start at 8 am, along with the ubiquitous musk which blows out from almost every other pylon and from which there is no escape.

The lifts do not close until 11 pm. The two bordering ski all day, climb back on their buses and trains and are back in the city that night, pausing only for a snack or meal in one of the hotel's 41 restaurants. One is open all night so that early skiers can breakfast before dawn.

At weekends the scene becomes absurd. More than 40,000 skiers have been recorded on Tatenoko Yama (Bamboo Shoot Mountain). Last winter 2.9m people skied in Naeba. With so many skiers buzzing about at weekends, collisions are inevitable and the rescue services and clinics at full stretch. Things are not helped by the inexperience of many Japanese skiers. If the country has 12m of them, a goodly number must be beginners.

Even total novices are decked out like downhill superstars in the latest designer ski suits. Meticulously, at 4 am there are only a couple of hundred of us on the mountain, and soon it will be 40 because I am going back to my bed (about \$28 per night) after a few runs.

I have an appointment at 8 am with Ichiro ("Call me Ichy") Ohnuma, who has taught at Sun Valley and Mammoth Mountain, California, and is just about the only person here who speaks reasonable English. Together we steal a ride in the gondola before the mob is allowed up the mountain. After a 24-hour blizzard there is a foot of fresh powder everywhere.

While half of Tokyo queues for the lifts, Ichy and I have the place to ourselves for 20 minutes - except for Yoshiaki Tsutsumi, who as boss of the Seibu group owns Naeba and 19 other resorts plus the entire Prince Hotel chain (about 30 hotels), and a railway in Tokyo (Circle Line), the equivalent of London's (Seibu) Japan's champion baseball team (Seibu Lions) and a couple of successful ice-hockey teams.

My attempts to converse with Tsutsumi



Fast food, fast clothes on Naeba's slopes

are discouraged by Ichy. "He doesn't like foreigners," says Ichy wistfully.

Naeba, it has to be said, is not typical of Japanese skiing. Although the trend is spreading, many of Japan's 600 or so resorts are still homely and traditional, particularly on the northern island of Hokkaido, where huge tracts of uninhabited wilderness belie the notion that Japan is universally teeming with population. Even on Honshu island you can find the ultra-modern side-by-side with the traditional.

The resort of Gala Uzawa, for example, which opened only last December, is linked with the old-world resort of Ishizuka, with its quaint old buildings that actually look Japanese. The European equivalent would be discovering that Alpe La Plagne had managed to link itself with Megève. Gala is owned almost entirely by Japan Railways East which plans to build more resorts in this mould, despite opposition from environmental agencies.

The idea is that you climb aboard your train and board an eight-person gondola. Your lift pass (about \$16) also enables you to buy lunch, drinks and souvenirs at the shopping arcade built into

the base-area without bothering with money. At the end of the day any money you haven't spent is refunded.

In some Japanese resorts such as Iwatake, near Hakuba, the conventional lift pass has been replaced with an identification card that you simply put in your pocket and forget. As you approach the turnstile, an electronic device recognises your ID and lets you through. No more taking your glove off in a blizzard to scramble for your lift pass!

If only it were that easy in Tokyo. Switching from Ueno to Shinjuku stations on a busy Tokyo evening while carrying a huge hold-all, a book-bag, a brief-case and a heavy pair of *Aomori* is something of an ordeal. Japanese commuters come at you in unswerving, unsmiling brigades, and skis do not divide them.

It was a relief to get to Hokkaido. Apart from quieter ski resorts, the northern island boasts Japan's only Club Med village, at Saboro, a half-day's drive from Tokyo. I wondered, with the ambience of organised *jote de vivre* that the French pump out so expertly?

The Japanese love to be organised, and Club Med loves to organise. The result can verge on pantomime. The club is over-run with pretty, doll-like secretaries from Tokyo, there for a few days' skiing and then pop back. As soon as they arrive they start privately practising the famous "crazy signs" routines that are the hallmark of the finales of Club Med cabaret evenings. To watch a set of twirling, clapping Japanese perform these complicated routines with hands, knees, elbows and noses in almost total unison after no public rehearsal is fascinating.

Saboro is not the biggest of resorts, but the skiing is good basic stuff with steep cruising runs and three good mogul fields which are a joy in fresh powder. Unlike most Japanese resorts, Saboro allows snowboards and a certain amount of off-piste. In the event of late or poor snow, clients can ski the nearby resorts of Tomamu and Furano, one of the biggest ski areas on Hokkaido.

Club Med's instructors are astonished at the expensive ski clothing their classes wear. "I saw a beginner the other day," wear. "I saw an incredibly, 'who had a new Descender one-piece suit, some brand new Rossignol Virage skis with Marker M46 racing bindings and a pair of Rossignol Dynafit 3F boots. Yet he'd never stood on skis in his life."

My most endearing memory of Japanese skiing was garnered in Gala Uzawa where I noticed that the girls in resplendent emerald green uniforms who operate the lifts even how to departing cable cars. Not just a nod, but a deep bow that comes for some seconds after the car has disappeared. You don't get a lot of that in Meribel.

Arnold Wilson's visit to Japan was arranged by Club Med, 106-110 Brompton Road, London SW3 1JJ. Reservations: tel: 071-581-1161.

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PROPERTY

# Costly havens where recession nibbles

THE Channel Islands are an early product of global warming. Whether it was the use of ozone-friendly hairspray by druids in the dark ages, or simply geological slippage combined with a series of abnormally high tides, it was not until the eighth century that Jersey, Guernsey, Alderney, and Sark stopped being patches of high ground on the Normandy coast and started their careers as offshore islands.

When William, Duke of Normandy became King of England, the Channel Islands gained a dual nationality. After William's successors lost their continental estates the islands were the only pieces of the Norman Duchy left to England.

Successive English sovereigns confirmed the special status of the Channel Islands with a series of charters and rights. Among charters graciously endowing the islands with rights over fotsam and jetsam, winkle harvesting and the like were recognition of the islands' practice of domestic self-government, fiscal autonomy and free trade with the UK.

As late as the 1950s the French government was still sniping at these cosy arrangements, claiming that the islands' territorial waters rightfully belonged to metropolitan France. That argument was thrown out by the International Court of Justice at The Hague.

In the 70s the special status of the islands was recognised within the treaty marking UK entry into the EC. These one-time patches of Norman high ground will enjoy the benefits of the single European market without having to adopt Community directives if they do not want to.

In addition to this regulatory independence, the islands enjoy a 20 per cent income tax rate, no capital gains or inheritance taxes and a pleasant climate. It is hardly surprising that the islands' housing markets have been shaped by restrictions to prevent mass immigration.

Rather like the old Rolls-Royce adverts, if you need to know the price of acceptance as one of the five new incoming residents allowed each year on to Jersey, you probably cannot afford it. Jersey, the largest of the islands stretching over 45 square miles, has a full-time resident population of 32,000 and a zero-growth policy.

As Philip Gordon of Bristol & West's Gothard & Trevor agency in St Helier (0534-72617) explains: "Anyone who considers coming to live here has to approach the Economic Adviser and bare their financial soul. Just how much wealth people have to be able to show is never made public. You never know how many who apply are turned down, but it is said on the grapevine that there isn't the demand there was a few years back when UK tax rates were much higher."

Apart from the five super-rich new

entrants each year there is some turnover of ownership in the pool of higher-priced properties that have been designated by the island as available for incomers. Tax exile is no protection against death and divorce, but Guernsey's rationing policy for incomers underpins property values at that artificial end of the market.

As for the island's normal housing market, available to Jersey-born buyers or those who have lived on the island for more than 20 years, Gordon confirms that Jersey homebuyers have been as hit hard by high mortgage rates.

"The market is depressed," he says, "and it has been very quiet indeed since Christmas. Younger buyers are under tremendous pressure because homes at the lower end of our market cost around £100,000, and first time buyers find themselves over-stretched. Existing owners are just holding back until interest rates fall."

Although legislation is being drafted to create flying freeholds on flats, until now all apartments have been sold on a share transfer basis. In an effort to meet the

## John Brennan looks at the housing market in the Channel Islands

demand for lower-priced local market homes many amateur developers had been buying houses for conversion into flats in recent years.

As Gordon says: "That market did leap ahead but it is now absolutely dead. Single bedroom flats, even in quite poor conversions, were selling for £75,000 and two bedroom flats for £85,000. Now a lot of those are completed but unsold."

Historically over here we have seen properties double in value every five years or so. Values haven't fallen particularly, but they haven't been rising and there is very little activity."

Although only half the size, Guernsey has tended to apply a less obviously restrictive approach to incomers than Jersey. Nevertheless, the same open market and local market housing distinctions apply and, since December the island's right-to-work regulations act as a further barrier to incomers trying to sidestep the laws preventing them from competing with residents for local housing.

Everyone applying for a job on the island, or changing job, has to have a license showing that they are legally able to work. No permit, no job.

Those born and bred on the island can buy as they wish, although "bred" in this context means spending at least 15 years on Guernsey. Incomers who buy open market housing can never win such rights

although their children have the same status as those of islanders. Children born to incomers and locals alike whose families move away inside that 15-year residency period may have to make up the years on their return.

Brian Merry of Cranford in St Peter's Port (0481-34227) explains the price differential between local and open market homes. "At one time you could say that two identical semi-detached houses, one open market and one local, would be £100,000 apart in price. If the local house was £120,000, the open market one would be £220,000. Today there really isn't a norm. The land doesn't cost any more, the bricks do not cost any more for an open market property but the price is very much what the market will stand."

"About 10 per cent of the housing stock was originally designated as open market, but that percentage has fallen as more local market properties have been built and as the open market register has been closed. As a result there is now more pressure on open market homes and you could expect to pay £200,000 more for the same house and we have clients looking for properties right up the range to £1.5m and more."

As for rentals, Merry reports that annual rents on open-market family houses run to around £20,000.

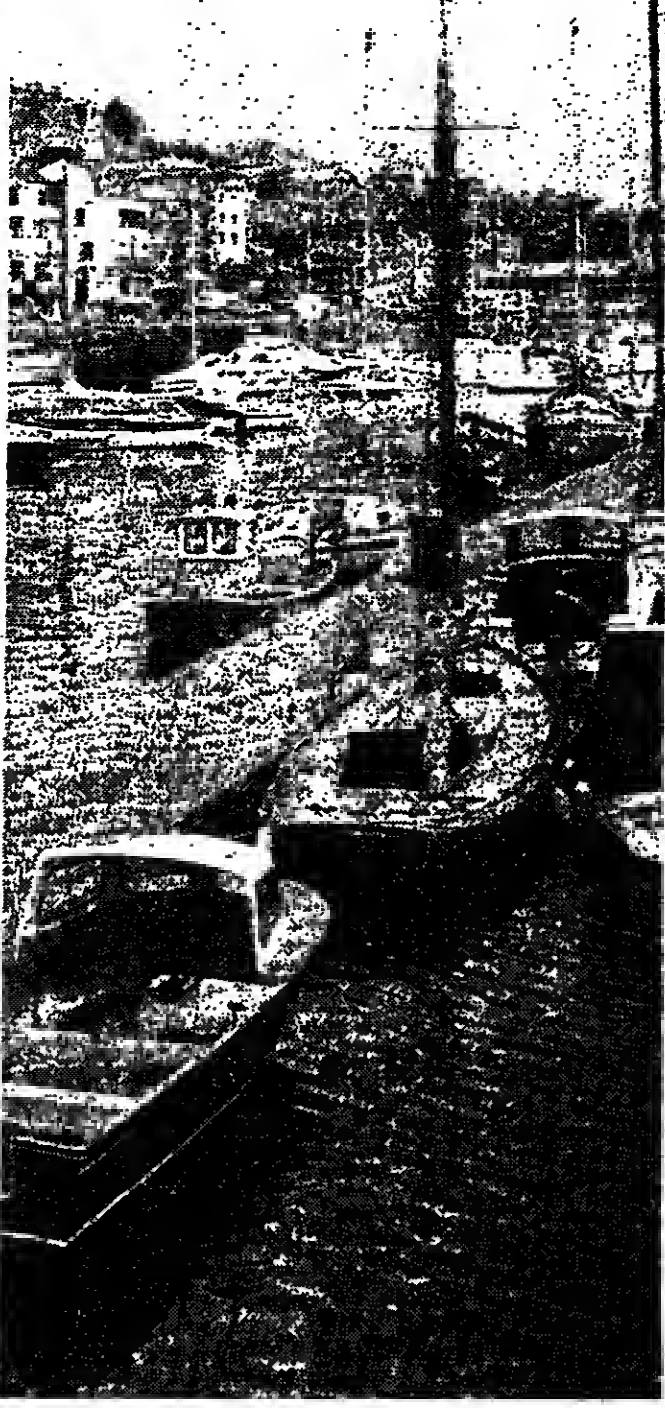
The credit squeeze has slowed housing market activity on Guernsey as elsewhere, and Merry says that in a market where the bottom marker on prices is around £90,000, buyers are just as cash-strapped as their mainland counterparts.

Existing owners are also reluctant to sell at a discount to asking prices that hark back to the top of the market a year or so ago. Subsidised housing loan finance helps a limited number of first-timers to enter the market each year, but there is a long waiting list for that.

Restricted supply keeps open market home values high, the sight of a quiet local housing market might tempt incomers to try to dodge the island rules. In practice, the tightened employment laws would exclude such buyers from the job market and in any event, as Merry says, it is too small a community to try bending the housing rules.

"Unlike the UK the completion of purchase of any property takes place in the Royal Court in front of the Bailiff, so buying is not a matter of a discreet transfer of deeds, it is a public transaction."

Incomers could, of course, marry their way into the local market. But Merry confirms that the residency rules make marriages of convenience impractical. "There are cases where people are granted compassionate leave to stay, but under the law you would lose your local market status if your partner died or if you divorced. You have to look after them."



A little piece of haven: St Peter's Port on Guernsey

# Balearics back in fashion

HOLIDAY HOME locations have their fashions. For years Spain's Balearic islands in the Mediterranean were a magnet for people in this market.

Ibiza attracted those with artistic leanings; Mallorca those seeking a quiet backdrop for family holidays. And Majorca attracted everybody else - but this, the largest of the three main islands, became a victim of its own popularity and package tourism ruled it out for many would-be purchasers.

For some while the Balearics have dropped back on the buyers' chart. It could be time for another look, for they now offer a wide variety of property. But in Majorca homebuyers are advised to head for the north and to leave the Palma region to the tour parties.

Here, on the eastern side of the Bay of Alcudia, is Betlem, a short drive from the old town of Artá. At Betlem The Creek is taking shape. This will be a village of 105 apartments on a four-acre site, built in blocks of two to four storeys with apartments of one to three bedrooms. It is all very colourful, with covered terraces, balconies and awnings for hot summer days. The aim is to make the place look as if it grew up naturally.

There are two swimming pools, one with a large inner whirlpool bath. There is a bar/clubhouse, tennis and badminton courts, and two golf courses are within a 20-minute drive. Some 40 apartments are under construction, with 11 sold. Prices range from £90,000 to £175,000, with a £1,200 annual service charge.

The development is by Farmer International SA, represented in the UK by the Kent-based Creek Partnership. Agents are Hamptons International (tel: 071-493-8222).

How are the developers finding the market in Majorca? "It is slower than we want it to be, slower than we thought," says partner Trevor Nicholson. "But we are making sales - to English buyers, German, Swiss, a Venezuelan." It is those people offering properties at £40,000 to £50,000 who are having real trouble, he said. Anything over £100,000 was "moving."

Hamptons also has a unique buy for the person who prefers an individual property. This is "The House of the Carob Tree," a 14th century manor house on the edge of the inland village of Binissalem. It was bought as a ruin six years ago by two English painters, who have restored it. It has a studio, music room, three reception rooms and seven bedrooms, a barn and two detached cottages. Offers around £485,000.

The British company Taylor Woodrow has been associated with Majorca for nearly 30 years. The company is now building 40 flats to extend its Vistabella scheme at Na Turovera. This overlooks the bay at Font de sa Cala on the north east coast. Prices from £93,000.

Across in Menorca it is at work on Green Park Village, looking out to the fairways of San Parc golf course and about ten minutes' walk from beaches. Here it is building the first of 100 two and three bedroom flats selling from £93,000. The price includes two joining fees for the golf club and free membership for two years. (Taylor Woodrow in the UK, tel: 061-578-6757).

Then there is Ibiza. Domus Abroad (tel: 071-493-0571) acts as main agents for Grupo Glor, who has been active in Ibiza for 20 years. He buys suitable plots as they become available and has built up a land bank. Often the sites have an old farm property on them which he renovates.

A three bedroom, two bathroom villa, 15 minutes from Ibiza town, has views to the island of Formentera. It has a living/dining room with fireplace, the loft is a bedroom and sitting room; there is a kitchen, central heating, garage and swimming pool. Price: £255,000.

But how is the property market in Ibiza? You guessed it: "Very quiet."

Audrey Powell

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*Robin Lane Fox dreams of romantic plants with lax habits*

The bigger forms of Catmint fall for-

Between the rolling breakers of Catmint I turn to two particular evergreens, the first of which is the least familiar. Green-yellow flowered *Bupleurum* is spreading slowly through ever more nursery lists and I recommend it for any position from which it can fall forwards informally. The awful winter of 1981-2 flattened it, but I would call it a hardy plant in all but exceptional years: it came through the recent snow unscathed.

As a lower evergreen mound, I cannot do better than the hardy blue-flowered *Ceanothus* called *Thyrsiflorus* Repens. Within a few years this admirable defence against weeds has spread over several yards and formed a glistening evergreen cover. As so often, the lower-growing members of a family are the hardest and I have not known a winter destroy this vigorous plant.

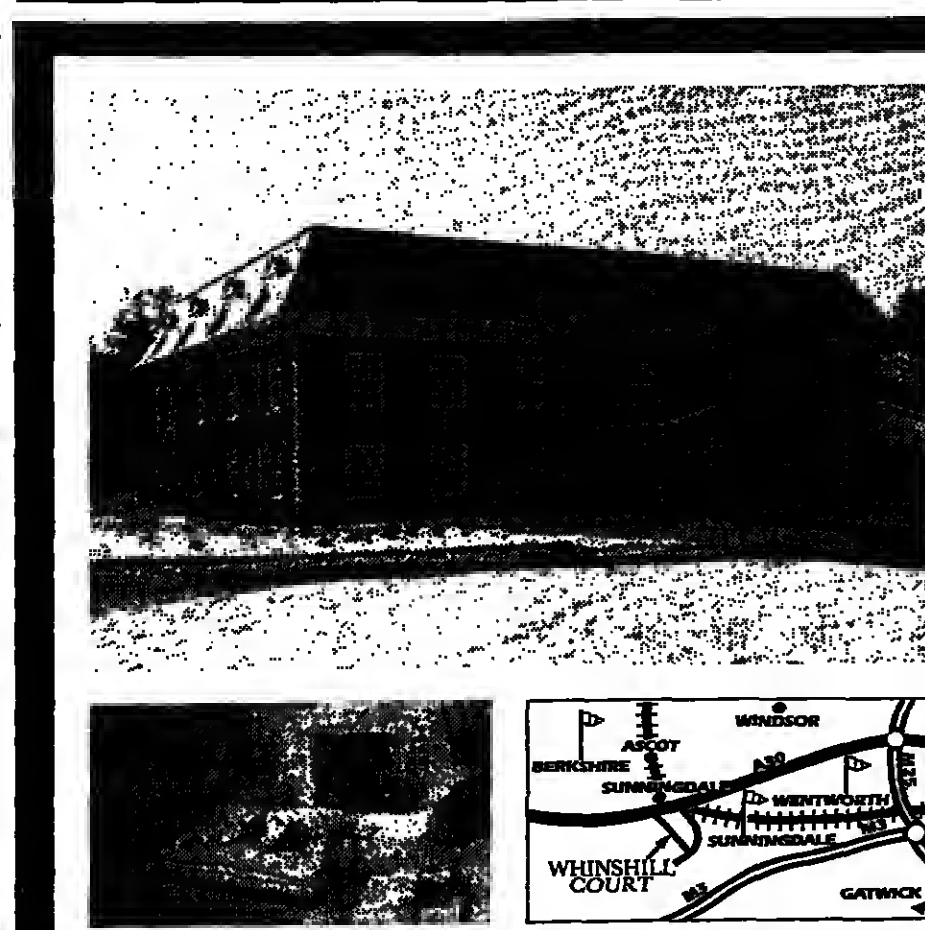
It is not a good clematis for a wall because it prefers life as a mound or a tangle. It comes into its own on slopes, beside steps or as a feature on the top of a steep bank. Catalogues sometimes suggest that better-known climbing forms of clematis will flourish on the flat, if you stretch wire netting in front of them as a

I would ignore them all, because I much prefer a dull-flowered white rose called Swany. It never exceeds 3ft in height but it will fall down a slope or over a low wall without becoming uncontrollable. It also flowers twice in the summer.

Or so it seems as a new season starts, framed with this optimistic prospect. Let us fall forwards and wait to see what Mother Nature has up her sleeve to test us.



COUNTRY PROPERTY



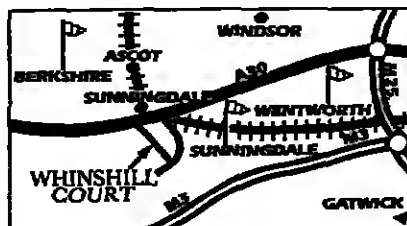
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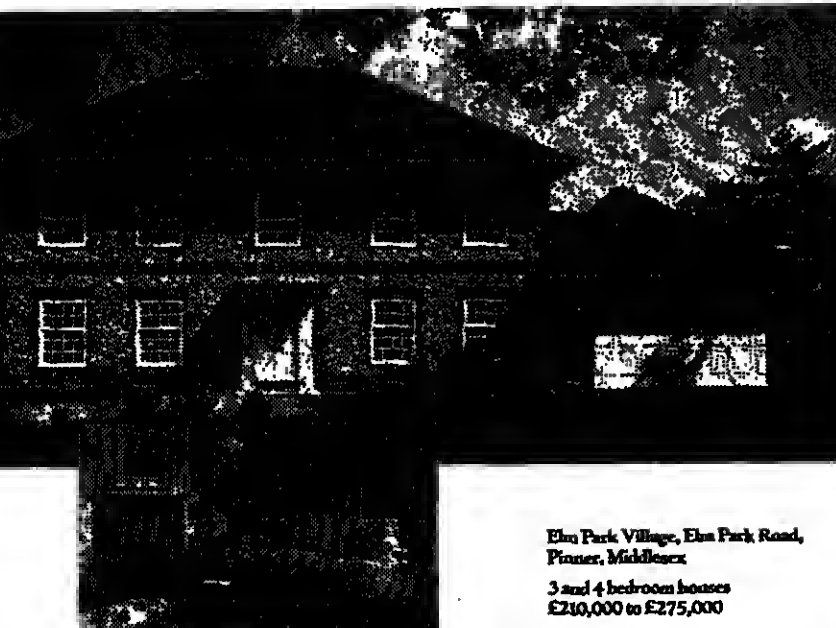
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## ARTS

## Gambling on the government

ONE STRONG tip for this month's Budget is a move towards a Government approved lottery with the arts money raised will be sliced up in certain to lead to fierce controversy but the principle seems to have been accepted, not least by the Arts Minister, Tim Renton.

Only such a substantial source of new revenue, which, judging by continental experience, could raise £20 a year with the arts gaining up to £500m, can solve the heritage problems currently confronting the Minister. The queue of national treasures waiting to be sold abroad has reached epidemic proportions: the Three Graces by Canova; the Badminton cabinet; Constable's painting of "The Lock"; and now the Middleham Jewel, a rare 15th century reliquary with romantic Wars of the Roses connections, are just the most visible masterpieces

apparently destined to be cashed in overseas.

The public outcry is minimal with only Simon Jervis at the Fitzwilliam in Cambridge making an effort, raising a plucky £2.3m towards the £2.7m needed to save the Badminton cabinet. The general apathy is easily explained; between them these four objects are valued at over £30m. The National Heritage Fund has an annual grant of £12m and is currently more concerned to safeguard threatened areas of natural beauty rather than works of art; the annual purchasing grants of the English museums total £9m.

The Government is not going to raise its subsidy to the levels needed to keep such treasures in the UK. The only three possible

alternatives are a list of un-exportable national treasures (the German approach), which would halve the market value of any work of art included and be a crippling blow to owners; more tax breaks for givers of art to the nation (which is implacably opposed by the Treasury); and a lottery.

Hence the sudden lobbying for such a venture. It would be too late to save the Three Graces, etc., but they would leave making a point. Once the concept is accepted its scope is boundless: some of the revenue raised could be spent on massive endowments to such problem areas as the Royal Opera House, Covent Garden. Giving it a one off grant of £100m and denying it any more public funding might appeal

to all concerned.

Take a Gulf War, throw in a recession, add snow and IRA threats, and you have a recipe for box office disaster in the West End. Who is able to get to the theatre against these odds?

Well, quite a few people really. Despite all the scare stories 1990 proved to be the best year ever for the West End, with attendances topping 11m for the first time and gross box office revenue approaching £170m. In the summer the theatres were really booming, with attendances 8 per cent higher than in 1989. There was a fall in the last quarter but when the final figures are released they seem certain to show an improvement on the 10.9m

tickets sold of 1989.

There has undoubtedly been a decline in American tourists but this has been the trend for some time. In 1985 foreign visitors made up 42 per cent of the West End audience, and over half were American. By last summer the overseas contingent was down to 32 per cent. The slack has been taken up by locals - not so much the young, but that traditional backbone of Shaftesbury Avenue, the middle-aged and the middle-class.

The surprise is that 1991 has started off quite well. George Biggs of Maybox, which has six theatres currently busy, says that his box office figures for the past two weeks are ahead of 1990. "I dreaded looking at the takings for the Mon-

day night when London came to a halt after the Victoria bomb but they were higher than the previous Monday". There has been a slight slow down since the half term filip but the theatre, and the cinema, seem to be recording good business while restaurants and hotels suffer.

The British Library, the largest and the most expensive public building to emerge this century, is on course to becoming a monumental artistic fiasco with the Government exposed as small minded, parsimonious and Philistine. Although the project will cost at least £450m, little attention was paid to the decorative look of the place.

The last Minister for the Arts but one, Richard Luce, took a keen

interest in museums and was worried by the lack of imagination shown in the artistic trappings of the British Library. He promised that money would be forthcoming to be spent on highly visible and monumental commissions. Two leading artists, Eduardo Paolozzi and R.B. Kitaj, were asked to produce major works.

But a change of Arts Minister, and bureaucratic caution, have ensured that the money may not now be available even though the artists are well advanced on their projects. The committee set up to approve art for the Library seems to be unaware of this Governmental back-sliding - this month it approved Anthony Gormley's ideas for a series of abstract shapes.

The original ambition to invest over £1m in art seems highly ambitious now that there are qualms about spending £250,000.

Antony Thorncroft

## Milwaukee's hidden treasure

A picture by Van Gogh, the "Portrait of Dr. Gachet" sold at Christie's New York for \$82.5m last May, holds the auction record for any work of art. The chances of anyone owning a Van Gogh are so slim that it is almost a matter of faith that it would be fairly sold. Fortunately, that is exactly what the Chicago auctioneers, Leslie Hindman, thought when they went looking for art in Wisconsin last summer. Spotting a small painting of a vase of flowers on the walls of a family home and noticing that it was signed with a large red capital "V" in the bottom left-hand corner, they were convinced it was by Van Gogh. So were the elderly couple who owned the picture: they had always known it as that Van Gogh and it mattered little that it was not in any of the books about the artist or that it was unknown to the world at large. They had inherited it about 30 years ago from an uncle who had emigrated to the US from Switzerland at the outbreak of the last war.

Although Van Gogh only really painted for a decade - from 1880-90 - he managed to paint a great deal and by now most of his very substantial corpus has found its way into museums or famous private collections. When his works come on the market they are generally well-known paintings which realise very substantial prices. Six of his pictures sold at auction since 1987 - at Sotheby's or Christie's in New York or London - have each fetched figures in excess of \$2m.

As like these, however, do not necessarily impress retired middle-class couples living in Milwaukee and when Leslie Hindman and her team came along the owners of the "Van Gogh" decided that she, rather than Sotheby's or Christie's, should be trusted to sell it. Hindman showed it

to a few experts in America and eventually sent it to Hans van Crimpen, Senior Research Curator at the Rijksmuseum in Amsterdam and one of the world's authorities on Van Gogh. Back came the reply: "After viewing the flowerpiece closely and comparing it with similar paintings in our collection, it is our opinion that on the grounds of style, composition, brush strokes, and coloration the 'still life with flowers' is indeed an authentic painting by Vincent Van Gogh."

"It was unbelievable," says Leslie Hindman still insists.

## Homan Potterton on why an unknown Van Gogh is being auctioned in Chicago

The picture, on canvas and measuring just 16 by 12 inches, dates from 1885 - shortly after the artist moved to Paris - and is similar to other flowerpieces which he painted in those months. Red carnations, phlox, and other flowers are depicted with thick, thick paint in a blue and white vase against a background of deep blue-green.

With a very modest pre-sale estimate of \$500,000-\$800,000, Hindman will auction the work on Sunday March 10 as part of its three-day general sale that also includes furniture, decorative arts and jewellery. It will most probably be the most expensive item that the rapidly-expanding auction house has ever had on the block, although a Modigliani "Portrait of a Young Girl" being deaccessioned by the Cincinnati Art Museum is estimated at \$700,000-\$900,000 in the same sale.

Leslie Hindman, a disarmingly

approachable but businesslike 35-year-old, was once Sotheby's representative in Chicago. When she saw millions of dollars' worth of art and antiques being shipped from the Midwest for sale in New York each year and about the same amount being purchased in New York by Midwestern collectors and dealers for shipment back again, she decided to do something about it. Aged 27, she set up her own art auctioneering firm. She produced attractive Sotheby-like catalogues, published pre-sale estimates, had week-long viewings for sales, and tutored Chicagoans in the niceties of bidding by paddle. When her small specialist staff were uncertain about any object, they consulted outside experts - even when such experts lived in Amsterdam. She acquired her own auction rooms and her professionalism and the courtesy with which she treats clients has paid off: her turnover has gone from about \$2m in 1982 to well over \$10m in recent years and this year it is expected to be well over \$20m. That depends on Van Gogh.

Hindman holds about four or five "important" general sales a year. Top lots in last year's auctions included a drawing by Gainsborough (\$115,000), another by Samuel Palmer (\$170,000), and an early 19th century Austrian flowerpiece in oils that went for \$44,000 against a pre-sale estimate of \$7,000-\$9,000. A specialised sale of "Important 19th and 20th Century Architectural Objects and Designs" included the sort of items one would expect to find in Chicago: lots of Frank Lloyd Wright and some drawings and other fragments by Louis Sullivan. In her forthcoming sale there will be objects as diverse as a Frank Lloyd Wright table that was designed for the Sherman M. Booth residence in Glenwood, Illinois, in 1915 (estimate \$15,000-\$20,000); a collection



"Still life with flowers", to be auctioned by Leslie Hindman on March 10

of 19th century French bronzes by such sculptors as Barye, Mene, and Fremiet; a 6.89 carat diamond ring (estimate \$40,000-\$50,000); and an extensive collection of Chinese pottery that includes a Tang equestrian group (estimate \$80,000-\$90,000). There are also several pieces of good English and American furniture. And are Mr and Mrs Everyman from Milwaukee wise to entrust Leslie

## Radio Serial secrets

A WORD more about Radio 4's little serials. I mentioned last week, Tuesday's *The Secret Life of Rosewood Avenue*, by Stephen Sheridan (winner of a Radio Times comedy award) keeps its comedy pretty much to itself. The Rev Timothy Carver (James Groux) is mugged in his East End parish, so he is given a quiet living at Rosewood Avenue. His first sermon is four-and-a-half hours long, detailing 972 ways to make services more exciting. By the end of the first programme, the doctor's surgery has been burnt down and Carswell has been charged with uttering a forged £10 note. There are a stunner landlady, doctor and two old ladies. Take it from there.

Ken Blakeson's *September Song* on Thursdays looks more buminate. It centres on Billy, a comic fellow who works at the pub and has thespian ambitions; and Ted, a schoolmaster who is discreet in his analysis of Byron's "So we'll go no more a-roving" for the children. Ted has a lame, drinking wife, helpless in hospital by the end of this first chapter. A bit more in this, I think. Six to come.

Then there is *Murder Most Foul* - a series, presented by Nick Ross, rather than a serial. The subject is indeed murder, and the first murderer was brought to us in *The Major, the Score and the Deadline* by John Scotney. He was Major Armstrong, the lawyer in Hay-on-Wye who murdered his wife with arsenic bought to keep the weeds down in his garden. This was the third tale out of a worthwhile six.

*The Forsyte Chronicles*, the mother of serials, ends tomorrow, but it will be succeeded at once by another serial, an adaptation of H.E. Bates's *Fair Stood the Wind for France*. This will only be in three parts, though. If anyone has a version of *A la recherche du temps perdu* in his desk, now is the time to bring it out.

Since I seem totally involved in Radio 4 drama this week, some notes on two more items. On Tuesday afternoon, we had a tangle half-hour, *The Druid Queen* by Donald Jonson. Two mainly perverse 12-year-old girls leave their fun of feeding

bluebottles to spiders and induce a 12-year-old boy to join them in the Druid temple; they have thought up around an altarlike stone. What Terry (Charlotte Colman) actually does to Martin (Jonathan Rees) by way of "sacrifice" is as enigmatic as Ted's explanation of Byron, but the whole show was provocative, and well played under Tessa Kendall's direction.

The Monday Play was *Writing Fiction*, by Caryl Phillips, who has won a Giles Cooper award, but won't win anything with this. Larry is a writer with an eight-year block after six novels. He teaches writing to make a living - how writers should live through a block, perhaps; and there among his students is Sarah his wife, who has left him for his intolerable behaviour. Writers should write only carefully about fictional writing. As Larry's retired agent says, you get more interested in being a writer than in writing. Even Stephen Moore couldn't make Larry engaging, even Richard Wortley's direction.

On Sunday, Radio 3 gave us Alan Bennett's revised version of *Kafka's Dick*, few in the house of Sydney, an insurance agent in the North, a resurrected Max Brod arrives, followed by a resurrected Kafka. Kafka had asked Brod to destroy all his works and not to write a biography, both of which undertakings he ignored. Kafka's father also appears, demanding posthumous affection. Sydney's wife Linda talks with Kafka about marriage. Sydney is writing a piece on Kafka for his house journal, and this new experience will be valuable. "If Kafka isn't a saint, I'll be famous." It was all hilarious. Kafka's dick was only a small item in it.

The Radio 4 debate, at the LSE, was about class. There was difference about what "class" meant, means or family or taste. Even Paul York, who wound up for the opposition, couldn't make it stimulating; but for the record, the motion that "Britain is rapidly becoming a classless society" was defeated by 15 votes to 99.

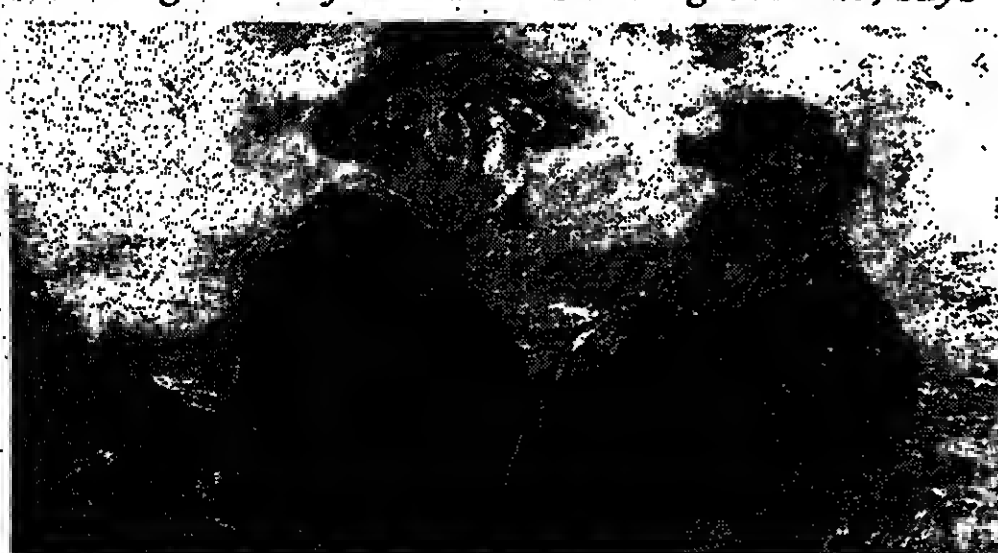
B.A. Young

JACK BUTLER Yeats is that characteristic figure of Modern British Art, a true original whose peculiar quality and substantial contribution are yet to be fully realised. He died in 1957 at the age of 86, high in the regard of a narrow circle, as he has more or less remained. His work has been rarely shown, let alone in any significant quantity. He still enjoys reputation more by lip-service than actual knowledge, forever the talented younger brother of the poet, William.

I say "Modern British" advisedly, for while the two Yeatses, poet and painter alike, stand for Ireland and the dream and myth of Ireland, both were working in the mainstream of contemporaneity. And yet, in direct contrast to his brother, Jack's Irishness has been if anything a doubtful asset, serving more to limit him by the special pleading of nationality, than by his particularity within any broader European context. He moved quite as much as did his brother through the great cosmopolitan world of art and literature, friend of Joyce and Beckett and Joyce. Yet, while Ireland in all the complexity of its history and politics was the very stuff by which the work of his brother became available to the world at large, for Jack

## Drawn to Irish imagery

Recognition of Jack Yeats is long overdue, says William Packer



Detail from 'Storm Blowing Inland' by Jack Yeats: oil, 1945

Yeats it seemed to consign him to the rim of the western world and the very edge of its affairs. The exhibition that Stephen Snoddy has put together for the Arncliffe at Bristol (until March 24, then on to the

Whitechapel and the Gemen-tumuseum at the Hague; sponsored by AIB Bank), is therefore all the more welcome for being so long overdue. The pity is only that it has come so late. It would have been twenty 10 years ago with the sudden general reversion to a figurative expressionism. After a decade of the overblown and the inept, to come upon Yeats now is a revelation and a delight.

None of the canvases is what we would now call large, many

are tiny, but all are possessed of a true grandeur, that inner scale that works directly on the imagination, larger than life, and as large as may be. The unthinking recourse to the huge canvas - and what student is there nowadays but must cover his 10 x 8 to count himself a man? - could hardly be more cruelly exposed for the formal cliché it has become. Furthermore, Yeats was even a fine and vigorous draughtsman, who first made his living

as an illustrator and long continued as a contributor to Punch. His work was founded in the close study and observation of the visible world, and in the technical discipline by which any imagery might be resolved. With Yeats, no matter how vigorously abstracted the painting might become, the underpinning of sound drawing keeps it always close to recognisable experience.

This is, however, no full retrospective, for it addresses itself only to the later paintings, the work of Yeats's last 30 years or so. The significance of this choice is that in the mid 1920s the expressionism always implicit in his work became more generalised and overt, which was to remain its consistent character to the last, a point neatly made by the unorthodox hang. And with this more generalised quality, the imagery less specific, more absorbed within the fabric of the surface as a whole, so the subject-matter takes on more general and symbolic a character.

The grunting horse of race-course and fair becomes high-fown Pegasus, stuff of myth and romance. Sometimes Pegasus is a racehorse still, just as Yeats's thinkers and travellers may sometimes seem to take on the more ambivalent quality of gods or heroes. The

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## Folk music given a skirl

THE MELANCHOLY skids that open the first song on Sting's latest album *The Soul Cages* will have introduced the sound of Kathryn Tickell's Northumbrian pipes to a wholly new public. But as her concert with her band in the Purcell Room on Thursday showed, at 24 Tickell already has a faithful and enthusiastic following in the folk roots movement; no doubt too the South Bank audience contained its fair share of displaced Georgies, on the look

out for a quick fix of nostalgia. For the sound of these pipes, as the Sting album exploits only too well, is implicitly nostalgic. The English bagpipe tradition has been sustained only in the North-East, and the Northumbrian small-pipe, bellows-driven with three drones and a chanter, is an indoor instrument, gentle and refined, entirely lacking the acridulated wall of its Scottish cousins. Tickell's gentle proselytising, mixing traditional tunes, garnered from Irish and Scottish folk music as well as from the North-East itself, with her own new material, has proved that the instrument has an appeal beyond the more earnest backwaters of the folk movement.

The Kathryn Tickell Band is an unpretentious four-piece, with two guitars and accordion alongside Tickell herself, doubling on bagpipes and fiddle. Her fiddle playing, grounded in the Shetland liddle style, is almost as commanding and

impressive in its own right, and the group is always careful not to step outside the bounds of folk propriety. Though the instruments are gently amplified, and the bass is an electric one, the sound is nicely contained; the rhythms are springing, buoyant, the textures lucid.

Leavened with plenty of easy-going banter from all the members of the band, it seems an innocent enough mixture, for Tickell wears her virtuosity lightly. She is, though, a remarkable young musician, a conscientious traditionalist who realises the necessity constantly renewing that tradition did who has carved out a distinctive niche for herself. Were she a Japanese folk musician, she would doubtless already be designated a National Treasure; here she just keeps on playing the circuit.

Andrew Clements

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*From film to Fabergé: John Whitely on Russia's Silver Age*

plete. The overall cost of mounting the objects may reach \$200,000, but the organisers, Andrew Thompson and his wife, say the complicated nature of the deal makes it impossible to estimate. "It has all been done so quickly that there was not time to find a sponsor. The Russians really could not pay for it so we are doing just a pay for photography, collecting and shipping all the material. And we agreed to frame all the 400 works on paper ourselves - an extremely expensive business." All the furniture has to go in special cases, as do the dishes. The organisers also made the spoons and vases from masters like Fabergé and Artel and the 70-odd books.

The organisers expect the show substantially to alter perceptions of the modern movement by providing conclusive evidence that in the early twentieth century Russian artists working in their own way throughout the whole range of styles that the west had laboured for decades to develop. Primitivism, Arts & Crafts, Art Nouveau, Secession, the neo-Gothic and Symbolism were adapted to the Russian ethos regardless of chronology so that often artists were working in two quite different styles in the same period.

A driving force of the Silver Age was the conviction that art and craft were indivisible: artists worked as architects and craftsmen as well. "They were profoundly influenced by Ruskin, William Morris and the beliefs of the *English Arts & Crafts* movement," explains Elaine Cooke, exhibition adviser to the architect.

"They associated it very much with the political liberalism that they were seeking and there was quite a cult of the



English gentleman, everyone strolling round Moscow and St Petersburg in tweed suits." There are hardly any famous names — Diaghilev, Malevich; most of the artists were instantly buried in the grave and even the names have had to wait for glasnost to be exhumed.

The great discovery of the exhibition is expected to be an architect, Fedor Shekhtel (1859-1936), known in the West mainly as close friend and confidant of Chekhov. The evidence of this show he seems to have combined the pioneering impact of Charles Rennie Mackintosh with the prolific practice of Colonel Seifert. At his most active between 1895 and 1905, Shekhtel designed a staggering number of houses and palaces for Russia's enlightened merchant princes in a bewildering variety of styles, from Gothic to Cubist to Art Nouveau. Many of these build-

ings survive, says Cooke, though it was not always acknowledged that their inhabitants had been cultivated capitalists: "One house became the Gorky Museum, but the one where the architect financier had lived there before Gorky."

Of Shekhtel's most extraordinary and successful venture, however, nothing survives. This was the building of a folkloric Russian street in the centre of Kungur's park, designed for the International Exhibition of 1901. "All the material and the workmen were shipped over from Russia and then come again," says Cooke. "It caused a tremendous stir. The whole event was very good for Russian exports, too."

It is a pity that none of these buildings, with its vivid original colouring, is being specially made for the exhibition. It seems likely that this will be presented later to the State

Museum of Architecture in Moscow where so many of the newly acclaimed master's drawings are preserved.

Discoveries of equal importance are promised by Ian Christie of the British Film Institute, who is programming videos of some of the very first Russian films in the semi-constructed style of the cinema of the period. These films only came to light in 1989 and Christie says the feature by Evgeni Bauer (1865-1917) prove him to be "a real outstanding figure, quite as important as Eisenstein." There will be ten feature programmes including comedies, newsreel and animation.

Dempsey's concern is a much for future customers and for past heroes: "We rather hope that once they see it the Russians might want to mount it at one of their museums."

**I**N THIS year of Mozartiana, it's good to have not only a new production of Mozart's *The Marriage of Figaro* (Andrew Clements reviewed David Freeman's staging for Opera Factory in Monday's paper) but also one of Beaumarchais's. How often, how many, how many times has ever understood Beaumarchais as well as Mozart — who wrote his opera only two years after the play's public premiere. The opera is alive to the play's timing, intrigues, farcical cross-weavings, jealousies, frictions, and passions.

Watching Louis Bont's production of Ranjit Solt's new English version of the play — as when I saw the Comédie-Française staging 14 months ago — I couldn't help missing Mozart. Or rather I wished that the French opera directors would take more hints from the opera. The Comédie-Française staging was elegantly insipid; that Watford one is vapidly jolly.

hyming couplets. In this version, the play rattles along like a jolly little period farce that opens out towards the end to make some surprisingly strong remarks on relations between the sexes and the classes.

Things begin well, with a striding musical contrast tension between baroque harpsichord music and Spanish mude, stagehands in stiffly formalized costumes. The first, deftly hints at an already spoilt *galerie des glaces*. I presume Stein, as director, is to blame for the fact that everyone, in a potentially strong cast, acts in an arch, lightweight cartoon manner, as if to say "Don't believe this silliness."

But the play has its own original character, the ambiguously erotic thirteen-year-old pageboy Chérubin is woefully misconceived. Simon Schatzberger, with a big adult nose, too much eye-liner and a voice squeaking up to boyhood tones, plays the little Peter Pan as one, fifth Peter Pan.

The play can never have been speedier than at Watford. Whereas, as Jackie Wullschläger observed in a recent review here, the *Comédie-Française* takes some three hours and a half, this takes just two hours and a quarter. Bolt — not only translator but also, and to no uncertain terms, adaptor — omits Bazile and all the smallest roles. (It's Bartholo, returning, who makes the Count hide behind the armchair.) The text has been taken in by hips and tucks everywhere; numerous lines have been dropped; the rôle of Marzelline — quite a star turn in Paris — has been squeezed down into desecration.

It's plain that Bolt, always a wittily colloquial translator, relishes Beaumarchais's satirical intelligence as the aid on which to lean. *Alastair Macaulay*, on the other hand, is a little more than a little overboard on slang. Figaro's "Tu boiras don't toujours" becomes "Are you always rat-ratted?" He's also a little overboard on several incidental lines to suit his own humour. And it seems that a whole play of prose was too much for this inveterate poet. After, he has taken into the odd step of turning a line or long last-act colloquy into

**S**IR PETER. Hall's production of *Tywin* at the Malvern Theatre is remarkably pretty to look at. The dominant colours in the set are red and green: a tree with bright red apples, the windfalls lying on the grass, the spindly trees in the costumes. Sir Toby Belch appears to be more than a touch of red about him. There is also the black and yellow of Malvoivo.

Other characters are more like the late summer or very early autumn. The Playhouse has a very tall stage which lends itself well to this display of colour schemes. There is a shade of opera about the drama to the production.

the twice, on this *Twelfth Night*, is the best. Since Sir Toby is played by Dinsdale Landen and Sir Andrew Aguecheek by Martin Jarvis, these performances at least are very professional. The singing and drinking scenes are outstanding. The best of the bunch, however, is *Feste the Fool*, played by David Ryall. He is older than you might expect, and also wiser. This is the first time that I have seen the *Fool* as the central figure in the play.

The main weakness among the performances is Sarah Crowe's Olivia. Ms Crowe is the actress who recently played Sybil alongside Joanne Collins's Amanda in Noel Coward's *Private Lives* and was widely praised for making so much of the part. Here she is a pouting, petulant spoiled child who looks and talks like a dumb blonde. Since we know that she can act and speak perfectly well, the blame

can't fairly be placed on her. Playing the role this way can only have been imposed from the top. The result is a pointlessly perverse, mildly irritating and should be corrected.

Malvolio, played by Eric Porter, has his moments. He is especially good when reflecting on his social ambitions before finding the near-fatal fake letter. Yet I wonder if I am alone in finding some aspects

### Social ambitions: Eric Porter as Malvollo

of Shakespeare's comedies increasingly unsympathetic. The maltreatment of Malvolio, which starts as a joke but degenerates, is offensive to our age.

The current English Shakespeare Company production of *The Merchant of Venice* tries to get round this kind of problem by being as

be a school as a remand centre.

The main conflict is between the intellectual, Westmore, played by Garry Spratley, and the clever thug, Strachey (Jed Charlton). Rarely have I seen the conflict between the academic and the bloody, and to some extent their underlying mutual respect, performed so well.

sympathetic as possible towards Shylock. I suspect that Peter Hall is trying the same approach by being kinder than usual to the Jewish moneylender in the opening scenes. There are limits, however, to how far you can play against a text that is not overwriting with the milk of human kindness. In the end, judging by this production, that Hall

thinks that *Twelfth Night* really would be better as an opera. I am not at all sure that he is wrong. The twins, Sebastian and Viola, sound just as well as any of Mozart. The brilliant designing and lighting are done by Timothy O'Brien and Rick Fisher respectively, both of whom, like Hall, have considerable opera experience. Their work here would look very good at Glyndebourne.

**N**EVER MIND Gazzania. Nor even, in a famous bicentenary year, Mozza-mania. This month we bring you Gozza-mania.

This is the adulation often given we confidently expect on the eve of the release of *Godfather* Part 3. Coppola's *Godfather* saga. With *Godfather III* opening in cinemas next week, who can be surprised that *Godfather The Epic* (CIC) appears in video shops the self-same week? For a movie that has been feeding you the VCR with the entire 7½ hours of the screen drama Coppola made for television by combining and expanding *The Godfather* and *Godfather Part 2*.

Goza-mania takes two different forms. On the one hand, those who go about the land doing Marlon Brando impersonations; stuffing their cheeks with cotton-wool and making people offer them cannolis to refuse. And there are serious students of the saga, those who praise the saga's epic sprawl, its gilded mementoes of characterisation and its quirky picture of Italian-American life.

These qualities all look better on the large screen than on the small, but never mind. A cassette copy allows you to play and replay your favourite scenic arias and to study the dramatic grace-notes with which Coppola and cast turn

Mario Puzo's Mafia tale into a great dynamic oratorio. Maximalist at Brando's patriarchal march painting a portrait of a man whose vocalizations are full of lusty guttural vocals and lordly slumps of the eyebrows. Or admire the subtle facial emotions flickering across Al Pacino's face when the camera prowls towards him before he commits his first murder. Or how Coppola's film suggests the director Coppola's work outside the Corleone chronicles, please try *Rumble Fish* (CIC), *Mickelbourke* and Matt Dillon star in an S.E.Hinton-based tale of youth in torment. Set in surreally shadowed sets with a black and white cinematography, Coppola's film suggests *Citizen Kane* remake as an avant-garde hike movie.

Speaking of which and moving smartly on, you may like

to sample I bought a vintage motorcycle (Braveworld), spy British horror comedies about a bloodsucking NATO Commando. Bravely made on a scant budget by two Birmingham first-timers, the film is funny, original and macabre. Elsewhere this March it is dressing up time. From Russia comes Kosintsev's classic 1966 *Hamlet* (Hendring), with Innocent Smirnov as the prince, and Kenti Smirnov's 1968 *Hamlet* Prince setting a standard for Mel Gibson's movie Dane is the forthcoming Zeffirelli version.

sion. From America comes *Mountains Of The Moon* (Guld), a handsome epic about Nile discoverers Burton and Speke. Pupi Avati's *We Three* (Connoisseur) from Italy is a chamber about the young Maoist art and his last summer bohemian before adulthood. And in Jean-Luc Godard's 1967 fantasy *Weekend* (Connoisseur) refugees from our consumer society dress up as everything from Red Indians to Jean-Jacques Rousseau. Never mind the Maoist noises; feel the wild and imagistic relict Godard used, long ago, to have.

From Britain comes more dressing-up: a homegrown epic scarcely shorter or less convoluted than *The Godfather*. Christine Edzard's two-parter *Little Dorrit* (Warners) is tough going in part one, as we get lost in the byways of Dickens'

raggs-and-ribes tale. But in the first part, the plot assimilated what we can admire the fine performances and the increasingly free rein Miss La gives to her young Guineas. Derek Jacobi and Cyril Cusack are outstanding. Finally, a hat-trick of recommendations. *Grimm's 3* (Warners) is a top-notch production, superbly executed by a cast who last ran amok in a small town to the target-rich environment of a high-rise social block. *Music Box* (Guild) is a fine, fine, fine French production. *Gavras of Missing*, with lawless Jerry Jessica Lange battling to save her Hungarian-immigrant father from accusations of a Jewish Land. *The Vanishing* (Connoisseur) is a Greek tragedy thriller so overpoweringly spooky that you will not be distracted even by the strange language and subtleties. But do watch it last thing at night.

**Nigel Andrews**

**I**N MOZART bicentenary year there will doubtless be many routine Mozart performances. The *Zauberflöte* and its Royal Opera revival was, I regret to say, among the first. The time has arrived for us to show what it is about the opera, its revival and so sublime, that makes it still the subject of debate 200 years

after it was written - an opportunity that went for nothing here.

The production itself, dating from 1934, still looks good. It gives the magic and the fantasy, together with a hint of the exotic, and more seriously marks an attempt to set the opera within the social milieu that would have been familiar to Mozart at the time he was writing. It is essentially a Viennese world, with happy peasants, boys in Lederhosen, and Sarastro and his followers as members of the Freemasons' fraternity.

It was an interesting idea to give the role of Sarastro to Donald O'Connor, a former dancer. Once the ruler of a very different kingdom, but it did not pay off: the voice is still an instrument of action, while Sarastro's music calls for the calm of wisdom and magnanimity. Luciana Serra scored a success as the Queen, with the tone of command and the color of the voice. The vocalists were brilliantly sharp. Anthony Michaels-Moore made a pious Speaker and it was good to hear again the unmistakable sound of Alberto Remedios as the First Armed Man.

The nearest the revival on Thursday came to inspiration was in the person of *Olat Bär*. An amiable stage personality, relaxed, genial, and a little slow, he was the only Papageno, while being a considerate enough colleague not to try and take over the whole show, as one suspects Schikaneder, the original stage trickster in the role, used to do. Not, admittedly, that anyone else in this cast had any inclination to stop him.

This was by and large an unhappy team. The soprano Joan Rodgers was suffering

Unfortunately, what was missing on stage was no more evident in the pit, where Stephen Barlow led an untidy rendition of the score that left orchestra and singers at odds with one another. *Die Zauberflöte* should be an audacious opera that plumbs the depths at one moment and reaches for the stars the next. At this performance all the effort was spent on trying to keep the show together at ground level. A disappointing evening.

**Richard Fairman**

**Richard Fairman**

**I**F PROOF were needed of the continuing appeal of the Big Friendly author, here it is. In row after row of little childrens confidently expecting a golden phizwizzard. And if that sentence caused you problems, you can count yourself excluded from the happy simplicity of this state. Ronald Dahl and his millions of admirers.

*The BFG* (Big Friendly Giant to his friends) is a fantasy figure whose appeal, it would seem, lies largely in his re-invention of the English language as something rich, rude

Wood's great quality as a playwright and director is his confidence in his audience. He knows that his audience will not be taken in by his narrative leaps, coupled with a refusal to shortchange them artistically. No expense is spared on the design. He jumps back and forward from children playing giants to giants eating children, with the comic effect of a grade-school mode of the EPC which sits at a table supported by four grandfather clocks, stuffing sausages into his mouth.

ends them hilarious but the Queen is not amused.

With its play on language and its manipulation of scale, *The HFG* presents an awesome challenge, which the children's dramatist says has 'occasionally left his customary panache'. He frames Dahl's story in a game of make-believe devised by Sophie to entertain party guests. A doll's house becomes the dreaded orphanage from which a puppet Sophie is seized by a HFG who minutes

One could carp about the compromises involved in dramatisation (it would have been nice, for instance, to see the Queen's butler pilaging the palace for furniture to build a doll's house), but this is a suspect is aware, pernicious, witt. The children in the audience seemed genuinely enthralled – and it certainly makes a change from the tele-bunkumbos.

**Claire Armitstead**

**Claire Armitstead**

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## TELEVISION

SATURDAY

## BBC1

7.00 Introduction To Pure Maths. 7.30 Babar. 7.55 Eggs. 8.30 Bazar. 8.55 Bravestars. 9.00 Going Live. 12.12 Weather.

12.15 Grandstand. 12.20 Basketball: Kingston v Maccabi Tel Aviv. 12.30 News. 1.00 Racing. 1.45 Newbury. 2.00 Sports Centre. 2.15 Greenall's Gold Cup (H/Cap). 2.25 Gary Mason v Lennox Lewis preview. 2.25 Rugby Union: Ireland v England live from Lansdowne Road. 4.15 France 5 Wales highlights from Paris 4.50 Final Score.

5.10 News Summary. Weather. 5.20 Regional News And Sport. 5.25 Stay Tuned. 5.30 Jim'll Fix It.

6.25 'Alo! Alo! The British airline are stuck down the drain in the village square. Rene plans to get them out using an old cream van.

6.55 The Paul Daniels Magic Show. Footbalers Paul Gascoigne and Peter Shilton play Predictaball. Guest acts: Tom Lake and Kunkle Nara. 7.00 Trampoline Guys while Paul himself uses his acrobatic skills to avoid death by giant domino.

7.40 Bergerac. The Assassin. Jim is summoned to a lonely castle in Brittany to meet the mysterious Haggard who asks him to find out who is threatening his life.

8.35 Film: Armed And Dangerous (1986). Starring John Candy, Eugene Levy and Meg Ryan. Comedy about an ex-cop and an incompetent lawyer who join a security firm.

10.00 News At Six. Weather. 10.10 Carrol's Commercial Breakdown. Jasper Carrott opens an advertising scrapbook featuring his own favourite television commercials from around the world.

11.10 Film: The Panderer (1965). Starring Rod Taylor, Geraldine Fitzgerald and Rock Peters. A Jewish pawnbroker lives in the world of his own making. Memories and a completely distorted view of the reality that surrounds his little pawn shop in New York's Spanish Harlem. He is forced into the present by the harsh pressures of Harlem forces themselves upon him. Directed by Sidney Lumet.

1.00 Weather. 1.05 Close.

## BBC2

5.20 Open University. 12.15 Education. 2.45 Mahabharat (English subtitles).

3.25 Laurel And Hardy Double Bill. Stan Laurel and Oliver Hardy in Their Hilarious and In Tit for Tat.

4.05 Film: Caesar And Cleopatra (1946). Starring Vivien Leigh, Claude Rains, Flora Robson and Stewart Granger. Directed by Gabriel Pascal.

All timings on all channels are subject to alteration for post-Gulf War coverage.

6.10 Late Show. Highlights of The Late Show, the arts and media magazine.

6.55 Newsview. Followed by Weather-view.

7.40 Rhythms Of The World. Live Zimbabwe. Thomas Mapfumo, one of Africa's most innovative pop musicians, introduces performances from The 700 Brothers, Stella Chiweshe and Machiche Mwenyeke and links the music of Zimbabwe with the people's struggle for political independence.

8.35 The Godfather Family. Documentary looking at the making of The Godfather trilogy, with interviews, anecdotes, excerpts and rarely seen screen tests that make up a revealing portrait of Francis Ford Coppola and his family.

9.15 Twin Peaks. 10.00 Film: The Godfather Part II (1974). Starring Al Pacino, Robert De Niro, Robert Duvall and Diane Keaton. Flashbacks to the early life of Vito Corleone alternate with son Michael's own and bloody rise to Mafia lord in the Oscar-winning sequel to the 1972 original. Directed by Francis Ford Coppola.

1.15 Close.

## LWT

6.00 TV-A. 9.25 Mooloomouth. 11.30 The ITV Chart Show. 12.30 Saint And Grenville.

1.00 ITN News. Followed by ITV National Weather.

1.10 Grand Sport. Three more of the elite from past Sportsmaster rounds compete for a place in the quarter-finals. Hosted by Dickie Davies.

1.40 World Sport Special. Classic moments of sporting history from around the world. Followed by The Day.

2.10 Golf: PGA Tour '91. Chrysler Cup. Snooker. Pearl Assurance British Open. The £75,000 final from the Assembly Rooms, Derby. Tony Francis introduces the action with commentary from Jon Pulman, Rex Williams, Mark Wildman, Jim Meadowcroft and Dennis Taylor.

4.45 ITN News. Followed by ITV National Weather.

5.00 Results Service. 5.10 LWT News.

5.15 Beverly Hills, 90210. The trials of life continue for Brenda and Brandon Walsh as they settle down to their new life in West Beverly Hills high in California. Catchphrase.

6.10 You Bet. New Columbo: Columbo Goes To The Guillotine. Lt Columbo is called in to investigate the death of a well-known magician and mind-reader who is haunted by his own invention of a trick guillotine. Starring Peter Falk and Anthony Andrews.

9.25 ITN News At Six. Followed by ITV National Weather.

9.45 Aspel & Company. Guests include Stephanie Powers, Kevin Whately and Rory Bremner. 10.30 Snooker. The 1990-91 British Open. Final from the Assembly Rooms, Derby with Tony Francis introducing the action.

12.35 Film: The Streetfighter (1975). Charles Bronson plays a drifter determined to win enough money to escape his life in the city through a series of prize fights. Also starring James Coburn and Jill Ireland. Followed by Cull News Report.

2.10 Adventure. 2.40 American College Football. Texas v Texas A&M. 3.40 Breakdown. 4.00 The Hillman And Her. 5.20 The Twilight Zone. 5.30 ITN Morning News.

## CHANNEL 4

6.00 Comic Book. 7.00 Trans World Sport. 8.00 The Channel 4 Four Daily. 8.15 Channel 4 Racing. The Morning Line. 9.25 Swing. 9.30 Same Differences. 10.00 Free For All. 10.30 The Runaway Bus (1954).

12.00 Saturday Men. Vintage documentary profile of West Bromwich Albion including a younger Bobby Robson. (B/W)

12.30 The Munnisters. The Midnight Ride of Herman Munster. Herman Munster becomes involved with a gang who steal his car. (B/W)

1.00 The Student Prince (1954). First in a double-bill of Mario Lanza films, the romantic comedy stars Edmund Purdom (sung by Mario Lanza) as a prince sent to Heidelberg to finish his education where he falls in love with the niece of an inmate.

3.00 The Seven Hills Of Rome (1953). Romantic musical starring Mario Lanza as a television personality who travels to Rome after a rift with his girlfriend, and there meets up with a local girl.

4.55 Visit Prague. 5.05 Brookside Omnibus. 6.30 Night To Remember. The director of programmes at Channel 4, defends the screening of Vinl Linl Steel Ramparts, about United States bombing of Vietnam. Coverage generally.

7.00 The World This Week. Will the end of the Gulf war raise optimism about the world economy? As Estelle and Lavinia hold referendums on their independence, a look at the strong relations between the Baltic states and the Scandinavian countries. A look at the outbreak of cholera in Peru.

8.00 Land Of Europe 4: Rik Valley. Documentary tracing the progress of Lianthron in North Wales from rural idyll to industrial battleground. Traditionally a stronghold of Welsh culture, it is now experiencing an influx of English settlers planning to live and work there.

9.00 LA Law. 10.00 4-Play: In The Border Country. 11.40 The Secret Cabaret. 11.40 After Dark. What will be the cost of the peace in the Gulf? A Palestinian businessman, an Israeli arms broker and an international banker are among the guests who discuss how the billions of dollars needed to rebuild Iraq and Kuwait will be spent.

## REGIONS

6.00 Wales on Channel 4 except: 6.00 The Art of Landscape. 10.00 The Garden Club. 10.30 Free For All. 11.00 Travelog. 11.30 Remote Control. 12.00 Jonathan Ross. 12.30 Lupo. 1.00 North Pole Expedition. 1.30 Fringe V Cinema. 2.00 Film: Cheaper Than Sex. 2.30 Sunday Supper. 3.00 Sally Gray and Roddy Hughes (B/W). 3.30 Mr Magoo. 3.50 Newyddion/News. 4.00 Caniannau 1991. 4.30 Newyddion/News. 4.55 Caniannau. 5.00 Film: Cheaper Than Sex. 5.30 Sunday Supper. 6.00 Film: Cheaper Than Sex. 6.30 Film: Cheaper Than Sex. 6.55 Caniannau. 7.00 Film: Cheaper Than Sex. 7.30 Film: Cheaper Than Sex. 7.55 Caniannau. 8.00 Film: Cheaper Than Sex. 8.30 Film: Cheaper Than Sex. 8.55 Caniannau. 9.00 Film: Cheaper Than Sex. 9.30 Film: Cheaper Than Sex. 9.55 Caniannau. 10.00 Film: Cheaper Than Sex. 10.30 Film: Cheaper Than Sex. 10.55 Caniannau. 11.00 Film: Cheaper Than Sex. 11.30 Film: Cheaper Than Sex. 11.55 Caniannau. 12.00 Film: Cheaper Than Sex. 12.30 Film: Cheaper Than Sex. 12.55 Caniannau. 1.00 Film: Cheaper 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# A night with the toffs

Michael Thompson-Noel

I HAVE been catching up on Jennifer's Diary this week - not the March or February diary but the January edition which is spread with a bit across 11 pages of Harpers & Queen.

The reason I am still struggling with Jennifer's Diary is that I can only manage it in extremely small takes - nibbles, really, tiny canapés of print which I savour on the tongue, etc. etc. - is that Jennifer gives me a headache, a pounding, grounding, noon-bright headache that crashes over me in waves like Bondi surf.

Do not get me wrong. The reason that Jennifer's Diary gives me a headache is not its pottiness, which I reverse, nor its breathlessness, which I rate as art, nor its obsequiousness, which is honourable and fitting, nor the breezy nostalgia that it often gives off, like a swooning whiff of lilac at an unexpected funeral.

No, the reason I get a headache when reading Jennifer's Diary is caused by nothing less than envy - the realisation that the number of toffs that are available to attend Jennifer-like functions - weddings, christenings, fox hunts, parties, dinners, banquets, exhibitions, fairs, fashion shows, balls, what have you - is not only astronomical but apparently growing at an astronomical rate, judged by the names I read in Jennifer of whom I have scarcely heard.

It really must be envy, for I have long outgrown the fancy prevalent among the young, that I myself am remotely special. When I was small - say three-and-a-half - I assumed I was titled, possibly royal, about 30th in line to the English throne. This is perfectly common among the common, and is soon eroded by the joys of childhood: bullying, starvation, cholera, singing.

But what amazes me when I dip into Jennifer is the total tonnage of toffs currently gadding and lifting and supping like honey-birds. Take the event last December known as "Lt-Colonel and Mrs Blair Stewart-Wilson At Home in the Ballroom of the Dorchester".

I bet it was exciting. Certainly it was gracious and beautifully organised. In addition, says Jennifer, the staff were "wonderful." According to Jennifer:

"The party that Lt-Colonel and Mrs Blair Stewart-Wilson gave in the ballroom of the Dorchester, was a truly superb affair with around three hundred and fifty guests. We all entered the Dorchester through the main entrance, and found that the foyer has been extended so that now you can get straight in to the ballroom, from doors just beyond the Grill Room. There I stopped to have a look, and found it looking very fresh and welcoming, with nothing changed structurally."

Our hostess Mary Stewart-Wilson wrote that lovely best seller *Queen Mary's Dolls House*, and in May, her next book *The Royal*

*Meuse*, will be published. I am not greatly aware of *Queen Mary's Dolls House*, which shows how far afield I am, socially and culturally. Worse, I am familiar with only a few of the glamorous toffs that nightly pass through the Dorchester's main entrance and swing through the extended foyer towards the ballroom, noting, idly, that nothing has changed structurally, in spite of the refurbishment.

I am familiar with the royals, of course - the princesses-who-shops and the one who galumphs, the comings and goings, all that money. I have even heard of Mr. Marina-duke and Lady Susan Hussey. I think we met, and talked about horses; or possibly not. But scanning Jennifer from tiara-topped start to scarlet-nailed toe, I do rather wonder who Mr. and Mrs. Christopher Wysock-Wright might be.

Or Lady Ursula d'Abol? Or Mr. and Mrs. John Anstruther-Gough-Calthorpe? Or Mrs. Kiki McDonough? Or Miss Nadia Stanicoff? Or Mr. Lewis Uffand? Or Telana Montafant? Or Sheikh Shenda Khazal Amery?

You will think me eccentric for admitting that I have never met, never heard of, never imagined these names. I am not alone in not having imagined the existence of a person called Sheikh Shenda Khazal Amery, I asked my assistant, Miss Lee, if she had heard of her. Miss Lee comes from Yorkshire and is a hard-line Tory voter, not the sort to trifle with, though I thought I would risk it.

"What is the purpose of the question?" Miss Lee asked in turn. "You usually have a purpose, some grubby little motive."

"No I don't," I said. "I was thinking, though, that your John Major has a terrible task ahead of him if he imagines he can create a classless Britain. How can he be serious? There are toffs everywhere. How is he going to start dismantling this little lot?" I waved Jennifer excitedly - "when the ballroom of the Dorchester - you reach it via the foyer, just as I say through, darling, the staff are simply wonderful, everything fresh and welcoming, no structural changes, our hostess is wearing white, aren't the daughters charming?" - is packed to the roof with toffs."

Miss Lee said: "Don't try to be satirical. You're not very good at it. Anyway, I believe that what the prime minister has in mind is some gentle leveling up. No one's coming down, Michael, we're all going up." Then she added wearily: "Some of us faster than others."

I HAVE HAD a letter from a reader in France, Richard Thompson, saying that he owns a £1 premium bond, S&N 615688, bought in Ipswich on February 15 1966, that has never won a prize in 25 years. He asks: "Is this a record?"

After a quarter of a century you'd think he'd splash out on another one.

**HAWKS & HANDSAWS**

## Private View

# Woman who bares men's souls

Christian Tyler meets the sculptor Elisabeth Frink

MEN ARE her medium. Through them - their heads, faces and naked bodies - Dame Elisabeth Frink expresses anger at their cruelty and tenderness towards their vulnerability.

Repression, violence and war have shaped her career as a sculptor. Childhood memories of World War Two inspired her early figures of birds, bird-men, flying and falling men. The sinister heads of men in goggles in the late 60s were descended from the Algerian civil war. Torture and state tyranny were reflected in the closed eyes of the "Tribute" heads she made for Amnesty International in the 70s.

"War was still raging when I met Elisabeth Frink this week in her studio deep in the Dorset countryside. It was very much on her mind. 'I think I have always been interested in the business of war,' she said. 'In war we are all victims, including the fighting forces. I find it upsetting. I'm angry about it, too - I'm very angry about it because this is a war that shouldn't have happened.'

"Saddam Hussein was a known monster ten years ago. Yet the whole of the western world was selling him hardware. That I find very hard to take. The thing I'm really angry about is all these fat cats making a lot of money out of selling arms. They are merchants of death."

"Angry" is a word that Frink uses a lot. But it can give a wrong impression of her. So, for that matter, can her sculptures: they are intimidatingly large and their expressive power is contained, bottled up to the point of ambiguity.

The woman behind those brooding men could not be more different. She is lively, direct and warm. There is no trace of moodiness or obsession about her, nor grandness. Apparently untouched by early fame or her years as an artist of international reputation, she seems, in a word, fulfilled. Elisabeth Frink is 60 but says that age does not matter. You cannot disagree. You

can hear the girl in her voice and see her behind the eyes. Some people have seen Frink as a feminist and her artistic commentary on cruelty as an indictment of men in general. The opposite is nearer the truth: she uses men as her medium because she likes them. I asked her why (with very few exceptions) she did not sculpt or draw women.

"Ah, yes. It's very strange that, but there it is. I'm not a feminist, I'm really not." When you say you're not a feminist, what sort of feminist aren't you?

"I think the feminist movement was an excellent movement that helped an enormous number of women achieve something they never would have done. I have never had to fight for the fact that I am a woman, ever. So I've been extremely lucky. But it doesn't arise in art at all, really. You're either a good painter or sculptor or a bad one."

Is it the man-hating variety of feminism you're against?

"I hate that. I think in a way they made the men seem small. They diminished him in order to get level. It wasn't necessary to do that. But I do recognise that a lot of women needed help."

She has more specific reasons for concentrating on the male. "I happen to find that the male figure says much more to me than the female figure. I enjoy looking at it and using it as a vehicle. I mean, I recognise a beautiful woman as a beautiful figure, of course, but it says nothing to me. It's extremely difficult to sculpt, too. Probably that's why."

Was she interested in the male body in the same way that male painters were always painting female nudes?

"Well, I think it's very interesting. It goes back to the business of nudity and nakedness. A lot of my figures are naked because they are vulnerable. They are always in a word, towards a situation. My running men have nothing to do with athletes. They're fugitives,

usually. 'But I have done a big seated man now, which I like. He's just a big naked man, a nude man, because I enjoy the whole business of seeing a nude man sitting. It's a rather contemplative piece.'

"Most men paint women but a very much lower proportion of women paint men, funny enough. Why is that? Maybe it's a sort of ego thing."

"I think men are much more beautiful. But then I'm a woman." So it is about sexual attraction, too?

"Oh, yes it's about sexuality. Definitely, yes. I like men. I always have. But equally I like women, as friends."

She agreed that men could feel

uncomfortable about the exaggerated, even aggressive way in which she handles their nakedness. In the Far East, particularly, men were nervous of what they saw as erotic art practised on them by a woman.

"But, you see, my sculptures are not sexual objects, either. My male nudes are not about sexuality particularly. They are symbols of other things. They are vehicles for another idea."

I said that some of the faces looked like her. "It's also been said that they look like Alec Guinness, too, which is quite funny. (She has portrayed him). They also have a lot to do with my son's head - he has a marvellous head. I feel there is an awful lot of him in them."

In terms of physical strength, men and women were not so different. But their minds were. "I think

a woman thinks round a thing. A man will think through a thing. Men's minds are very strong. Women's minds and bodies are probably more interlocked. Women cope with their physicality."

Is that true of you? I asked. "I think so. There is a more ordered connection between the mind and body of woman somehow, because she has to put up with a lot - she has to put up with childbirth. She wants that, but it is something that is put on her as well."

Women more devoted and more intuitive. "I'm very keen on that because most of my work is done intuitively. Artists are naturally intuitive by the nature of what they do."

The point of her (or any artist's) work, she said, was to campaign for freedom of the spirit. "If one could say I have a religion it is that man should be free in his spirit. That's very important to me. And that applies to animals as well."

Frink was brought up a Roman Catholic but says she has abandoned it. She was an unruly convent schoolgirl, but not an unhappy one. She is angry about the attitude of the church in places like South America, which, she said, was forcing priests to become soldiers. She says she hates religion now.

"Do me the most important thing is respect for life human life. Killing is wrong. I find religions have been responsible for the worst wars."

I asked if she was party political. "Not really. I think most artists aren't."

But they would generally be put on the Left? "Yes, they would. But then you see I wouldn't put myself on the side of what communism did at all because that was quite horrendous. The human suffering that communism caused was beyond belief."

She supports Amnesty International because, she said, it was even-handed in its exposure of repression and torture. "You have to look both to Right and Left, don't you, for bad things. The one is as bad as the other."

Stoicism in the face of cruelty

and suffering is one of the virtues she most admires. Again, she finds it in animals as well as man.

Elisabeth Frink grew up in the Suffolk countryside and the house in Dorset where she lives with her third husband, the Hungarian-born Alexander Csaky, is dotted with animal maquettes and drawings. There are chickens, ducks, dogs and raccoons in the garden and out-buildings. Her studio is dominated by a higher than life-size equine figure, which she intends to call "War Horse". Her next project is likely to be a series of men with baboons.

"But I'm not an animal sculptor as such," she said. "The only two animals I'm really interested in are the horse and the dog because of their relationship to man. They have served man for thousands of years. My horses are lifelike but they are not social horses - horses for jumping, horses for racing, for anything. They have everything to do with the spirit of the horse, their stole resilience."

If her figures are becoming generally calmer, it is not because she feels less strongly but because the feeling is being pushed further beneath the surface. In her latest big work, the four heads of the "Desert Quartet" (pictured above), the faces have become those of seers or visionaries, she said, with open, far-seeing eyes.

The slaughter of the Gulf war will not impinge directly on her work, she said. Nor will she make her figures more explicit.

"It doesn't work. I've seen explicit sculpture. It's horrible. It's over the top and it doesn't affect people."

Forty years of grappling with human cruelty and suffering has not made Elisabeth Frink by any means a pessimist.

"The answer is in the end that we might be moving towards a greater humanity," she said. "One has to be positive and one has to be optimistic. And I do think that people are more aware of evil than they were before."

So you think men are changing? "Yes, I do. I do think they're changing their character."

## SPORT

### Cricket/Teresa McLean

# The strange case of the flaming flannels

ARTHUR CONAN DOYLE is best known for his Sherlock Holmes stories but he also deserves celebration as one of a noble tradition of English cricketers. He was an excellent sportsman and played both cricket and football at first-class level, but his club-level cricket and the games he played abroad, for an assortment of improbable teams, produced at least as many remarkable incidents.

One of these was the inspiration for a bizarre work of Doyle fiction entitled *The Story of Spedgus's Dropper*. The Dropper was a splendid example of the mixture of ability and idiosyncrasy characteristic of Doyle's cricket career.

For a few years around the turn of the century he played for J.M. Barrie's team of writers and theatrical figures, the Allahakharries (Barrie's Heaven Help Us Brigade), whose members included A.A. Milne, Charles Tennison and others who were there for fun, drink and literary gossip, not serious cricket. Doyle refused to drink in the pub after games or to play at anything less than his best, which was very distinguished.

The Dropper was a ball bowled by A.P. Lucas which got Doyle out both bowled and hit wicket, also causing him to break his bat in the process. According to Doyle, the ball was gentle, airborne leg-break that rose 30 feet in the air and then dropped straight down on top of the bats, gathering speed as it fell. It was unplayable. As Doyle put it in his *Dropper* story: "How could you play with a straight bat at a ball that fell from the clouds?"

Doyle's own bowling was medium-pace and well controlled. It was also well thought out. In 1891, he went on a cricket tour of Holland which ended with a game against United Holland at The Hague. The Dutch batsmen had been well taught by an English profes-

sional and needed only 15 to win the game, with four wickets to spare.

Doyle was put on to bowl in this unenviable position and sent down good length balls just outside the off-stump, the one place where he thought the batsmen had looked vulnerable. All four were caught at mid-off or cover and Doyle was carried from the field on the shoulders of his team-mates with match-winning figures of 4 for 4. However, his 16-stone weight was too much for his bearers and he crashed to earth, cheered by the Dutch as he went.

Doyle was always heavy but trained vigorously to turn prosperous fat into sporting muscle. One of his training overseers was a fanatic named Sandow, whose muscular-building techniques included rolling cars over and chucking cannon balls about.

Doyle thrived on this sort of regime. He played rugby well and boxed well. It was Doyle who introduced skiing in Switzerland in the winter of 1893-4. He liked hearing himself described as "an Alpine sportsman" and he helped to satisfy his taste for the frozen by going on whaling expeditions to the Arctic. He enjoyed many other forms of fishing, was a keen fencer and held himself to be a good shot, though on one occasion he shot his gardener by accident, thereby establishing a life-long friendship, said his son enigmatically.

Shooting seems to have been one of Doyle's riskier sports. He invented a gadget which was a cross between a spring-gun and a matchbox. It set the hilliard room alight. Undaunted, he reached the third round of the amateur hilliards championship. He played golf and went for balloon rides.

But the exotic could not compare with the poetic and Doyle wrote in his memoirs: "Cricket is a game which has, on the whole, given me more pleasure than any other branch of sport." As well as being a useful bowler he was a

good batsman, reaching the heights of cricketers' ambition with a century at Lord's in 1897. He kept the bat all his life. He played for Hampshire and the MCC, which presented him with a little silver bat for his hat-trick of clean-bowled wickets against the Gentlemen of Warwickshire, one victim complaining afterwards that he was put off by the sight of Doyle's hefty figure trundling up to bowl "in a crude pink shirt against an olive-green background."

Doyle's proudest moment was when he took W.G. Grace's wicket, only for Grace to take his wicket in return. Doyle was furious. He did not just regret the times he was out, as every batsman does; he worked himself up into a state where he was haunted by them. This was part of the restless, almost frantic element in Doyle's character. He played every one of his many sports passionately, partly to wear himself out and calm himself down, partly to keep in touch with the weird and wonderful undercurrents of life which sport was always helping him uncover.

Nothing could have compared with the weird and wonderful dismissals playing it. "Spedgus's Dropper" almost met its match in the delivery Doyle got from Kent's fast bowler, Walter Bradley. It hit him on the thigh, inflicting

such agonising pain that he looked down and found he was on fire. The ball had splintered a tin of matches in his pocket and set them alight. He stamped them out on the turf. He was peeved when he discovered that he was not the first to have had this happen to him.

One cannot help thinking that Doyle might have put the matches in his pocket in the hope that they would burst into flames, for he sought strange happenings. In one game for the Allahakharries he came on to bowl when the opposition had made 72-3 in reply to the Allahakharries' 72 all out. He bowled their ninth batsman and, as soon as the over was finished, charged up to the other end to start another one.

Vigorous complaints from the batting side prevented him from doing so, but he had nearly managed to be an inaugural law-breaker, carried away by excess enthusiasm. The opposition promptly scored the winning runs.

Doyle needed to be odd. He made a career out of eccentricity and cricket was his ideal field of play, providing him with infinite opportunities for oddity and his friends and spectators with the chance to see a memorable cricketing eccentric in action, a man for whom a straight bat might well mean a bat facing straight up to the sky.



### Yachting/Keith Wheatley

# Star Wars at sea

ON THE East Coast of the US there exists a yacht-racing circuit so hot and expensive that even the competitors call it "Star Wars". The 50-foot class is controlled by owners who, before the days of corporate sponsorship, would have been America's Cup players. So it is heartening to report that a Brit, alumnus of Welwyn Garden City grammar school, recently scooped the pool with his first venture into the 50-footers.

Michael Peacock's new *Junco*, his fifth racing yacht to bear the name, won January's Key West regatta. Helmed by Olympic gold-medallist Mike McIntyre, *Junco* had only sailed for a few hours before the Florida event. Next week she will be the boat to beat at the Miami 50-ft regatta.

Yet as recently as last autumn Peacock had no plans to campaign the boat in the US. After a December launch he thought there would be other suitable boats in Europe to tune up against. *Junco*'s prime role is as British flag-ship in the Admiral's Cup team for July.

"The prospect of having to go on the 50ft circuit actually threw me a bit off-balance," admits Peacock, "because it is so horrendously expensive. I looked very hard for another way but it was impossible because all the competitive boats were in Key West."

Anyone who orders a 50ft racing yacht, designed by Bruce Farr and built by Bill Green of Lynnhington (both market leaders and with prices to match) had better be prepared for bills that stretch towards £250,000. Sails and campaign

costs could add £100,000. However, simply shipping *Junco* to Florida and back added £25,000 to the bills, and crew travel and accommodation nearly doubled that figure. Peacock is a man who likes to keep his hobby-horse's feet on the ground. Nevertheless, having now fed *Junco* amnesia, nothing else will do.

"Having got involved I realised that the level of sailing is beyond compare. I have never before participated in races that were as competitive, difficult and unpredictable. The competitive boats are so close in performance, with the best guys in the world driving them in train."

The Law, repeatedly a champion in the 33 class and younger brother of America's Cup helmsman Chris, is a key figure on the back end of *Oracle*, as is J24 whizz fan Southworth. Fit-Lt John Best, survivor of the debacle that was *Savage's Defender*, the joint services' entry in the Whitbread race, is *Oracle*'s skipper.

*Wings of Oracle* is due for training sessions in Palma and western France before her first British races in late April. These are the trials for the British team in the Admiral's Cup team. By then *Oracle* will have spent north of £500,000 and still not be certain of selection.

The good news for the sponsor is that there is unlikely to be another two-tonner in contention. Nor, for that matter, a 50-footer other than *Junco*. Whether any one-tonner enters the lists remains to be seen. The Royal Ocean Racing Club "selectors", led by Ian Macdonald-Smith, do not like this mentioned in the press. They fear it makes them look silly.

*"The competitive boats are so close, with the best guys in the world driving - pure magic!"*

pure magic!" he enthused, back behind a desk off London's Oxford Street.

Having been both a successful entrepreneur and administrator (Peacock was controller of BBC1 before moving to ITV and then founding Video Arts with John Cleese and other partners), he particularly appreciates the way the 50ft-class owners create and manage their own regattas, with paid officials.

There is honest professionalism here, he says. You are not trapped with club-level race officers running international events. The complaint is growing among top-level sailors that traditional yacht clubs are often better at run-